

The NATIONAL UNDERWRITER

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October 24, 1958

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Mays, Dillard And Hargrett To Top Posts In IRIC

Beckwith Reviews Problems In Fire And EC Rating Coverage At Annual

NEW YORK—Milton W. Mays, vice-president of America Fore Loyalty group, was elected chairman of Inter-Regional Insurance Conference at its annual meeting here. John H. Dillard, vice-president of Fireman's Fund, New York, was elected vice-chairman, and Felix Hargrett, vice-president of Home, was reelected treasurer.

New members of the executive committee are J. Harry Bibby of U.S.F.&G.; Frank W. Boyle of Employers Fire; James L. Dorris of Hanover; Philip Keeler of Crum & Forster; T. B. Kelley of Commercial Union; Edward J. Martin of Phoenix of Hartford; Lincoln M. Michel of Reliance, and E. N. O'Beirne Jr. of Aetna Casualty.

Fire rate increases during 1958 have been effected in 12 rating jurisdictions for an aggregate premium increase of approximately \$32,500,000, Royal M. Beckwith, manager of the conference, reported in his annual review. To some extent, he indicated, these increases reflect the slightly revised set of basic principles for rate level adjustment which was recommended to rating organizations and regional bodies by the IRIC's rate level adjustment committee.

The revised principles, developed

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Maryland Agents Meet 300 Strong At Baltimore

By BERNARD P. McMACKIN Jr.

BALTIMORE—Joseph C. Hlavin, Baltimore, was elected president of Independent Insurance Agents Assn. of Maryland at the annual convention here succeeding Truman B. Cash, Westminster. The convention, 22nd of the Maryland association, but first under its new title, went off smoothly, a special feat on the part of the officers and



Joseph C. Hlavin

committees, for untimely deaths have hit hard in recent months. C. K. Oakley, the association executive secretary, died several weeks ago, and R. J. Thome, Baltimore, chairman, passed away in Rome during the summer.

The new treasurer, who begins his ascent up the official family, is W. F. Burkley, Elkton. Mr. Burkley follows J. H. Gorges, Baltimore, now secretary. Succeeding Mr. Hlavin as vice-president is G. M. Dallas, Salisbury. H. H. McFarlin, Riverdale, continues as state national director.

Upwards of 300 registered for the meeting, which consisted of morning business sessions, educational panels in the afternoon, socialization, including a well attended cocktail party, and banquet. Four Baltimore domiciled insurers—Fidelity & Deposit, Maryland Casualty, New Amsterdam

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Illinois Agents' Meeting Report Begins On Page 28

NAIC Group Meets With McHugh On State Questionnaire

WASHINGTON—A group of commissioners headed by Joseph A. Navarre of Michigan met here this week with Donald McHugh and two of his staff members to talk over the 11-page questionnaire that has been sent to insurance commissioners in each state. Mr. Navarre, chairman of the NAIC committee on preservation of state regulation, headed a group which included Hammel of Nevada, Knowlton of New Hampshire, Northington of Tennessee, Rogan of Wisconsin, Gerber of Illinois and deputies Harris of the New York department and Fox of Pennsylvania.

A number of the commissioners have been agitated over the detailed questions they have been asked in the questionnaire sent out by the subcommittee headed by O'Mahoney of Wyoming that is investigating insurance as a unit of the anti-trust committee. Mr. McHugh is counsel of the subcommittee.

It is understood that agreement was reached that the questionnaire will not have to be returned to the O'Mahoney committee until Jan 15. Some minor changes were made in one or two questions.

While the conference was in progress, Sen. O'Mahoney made a brief appearance during which he shook hands with Commissioner Navarre and engaged in a friendly conversation, describing the activities of his subcommittee as exploratory in nature to determine how state regulation is performing under Public Law 15.

Only a week or so ago, Mr. Navarre and Senator O'Mahoney engaged in some fairly acrimonious comments through the press.

O'Mahoney's Timing Poor, Dineen Tells Milwaukee Board

Wisconsin's insurance department directed by Paul J. Rogan has done a "good job" in the regulation of insurance companies, Robert E. Dineen, vice-president of Northwestern Mutual Life, told Milwaukee Assn. of Insurance Agents at the 95th annual meeting last week.

Timing of a probe by a Senate anti-trust committee is "off" Mr. Dineen said, because fire and casualty companies are "losing their shirts" in a "ferocious competitive battle." The investigation, if it extends into Wisconsin, will show a very fine record on the part of Mr. Rogan's office, Mr. Dineen averred.

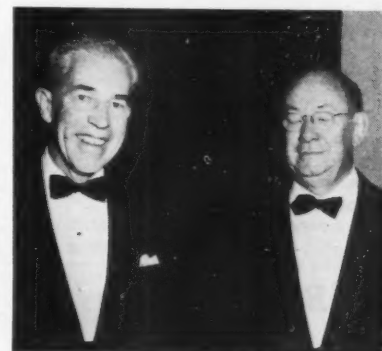
Mr. Rogan, who also spoke, asked the Milwaukee Board agents to give legislative support to a recodification of Wisconsin's insurance laws which has not been undertaken since 1929. Officers elected for 1958-59 are Richard M. Evans, president; Wayne C. Reesman, vice-president, and Donald L. Doherty, secretary-treasurer.

Casualty Company And Agent Leaders Meet In W. Va.

Annual Joint Convention Draws 400 Plus For Leisurely, Informal Talks

By JOHN BURRIDGE

The joint annual meetings of National Assn. of Casualty & Surety Executives and National Assn. of Casualty & Surety Agents, designed



Benjamin H. Paddock of Detroit, outgoing president of National Assn. of Casualty & Surety Agents, with the executive vice-president of the agents' association, C. F. J. Harrington of Boston.

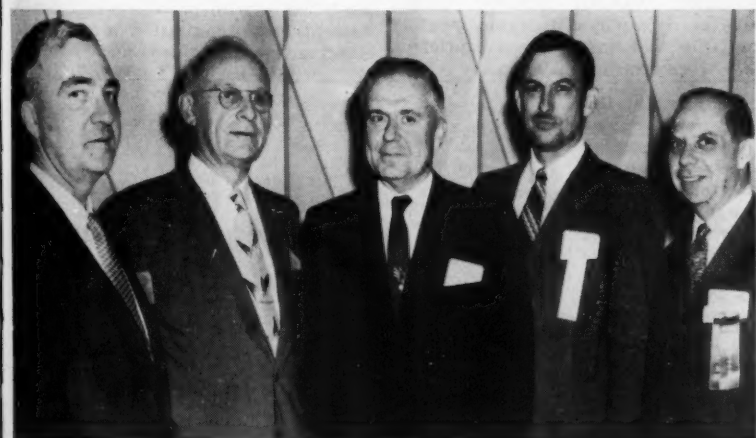
primarily to foster amicable relations on a social basis between the companies and the agents and to promote informal discussion of common problems, was conducted at White Sulphur Springs, W. Va., last week in the customary successful fashion. Registration exceeded 400 and a record number of golfers entered the men's tournament. At the joint business session the first day notably pertinent talks were given by the outgoing presidents of the company and agent organizations, and at the final sessions there was an enthusiastic reception of a proposal to set up in the casualty business a research organization to delve into marketing, agents' compensation and business procedures, including public relations.

Atmosphere Elegant, Soothing

The soothing and luxurious atmosphere of the Greenbrier Hotel is not, in any event, conducive to the conduct of high pressure business negotiations. Officers of the company and agent groups make no pretense of attempting to develop anything but cordial relationships at these annual gatherings. This candid approach to the social side of the business makes the White Sulphur meeting unique, desirable and successful.

Nine commissioners were on hand this year, headed by Arch E. Northington of Tennessee, president of National Assn. of Insurance Commissioners, and Paul A. Hammel of Nevada, vice-

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Participants in the all industry luncheon during the annual meeting of Society of CPCU at New Orleans, from the left: Stephens G. Croom, Mobile agent; Dr. Harry J. Loman, dean of American Institute; Dr. Robert W. French, director of Port of New Orleans, guest speaker; Gerald E. Myers of W. A. Alexander & Co., Chicago, CPCU president; and A. L. Schlesinger Jr., vice-president of the Latimer & Blum agency, New Orleans, and luncheon chairman. (Story on page 9.)

Shouldn't Agent Quit Coddling The Client With Non-Essential Service?

By KENNETH O. FORCE

(Based on talk at the annual convention of Missouri Assn. of Insurance Agents, St. Louis.)

There is a good future ahead for the local, independent, multiple company agent. But he is going to have to put up with realities.

Yet, after all, the agent capable of success does not expect to ride the American agency system as some magic Pegasus to an economic pasture that is beyond the reach of marauding competitors.

The successful agent is out working—hard, fast, and with as little wasted, duplicate, non-productive motion as he knows how.

Client Appreciates Coverage

For a long time it has appeared that the local agent was less convinced of his worth than his client—that insured set greater store by the protection he bought than the local agent set on the product he sold.

Consequently, it might help if you adopted a slightly different attitude toward your clients. This recommendation contemplates no radical change, though you may think so.

The recommendation is to quit coddling the customer. Stop giving him

service that is non-essential, or that is, for his purposes, non-existent. Stop giving him service that is useless to him, that costs him premiums and the agent profits he doesn't need to give away.

Strip the operation to its essentials and make it go faster with more customers.

Others Quit Long Ago

Most of the other persons who sell their services or products quit coddling the customer a good while ago. Why? To save costs, hold down prices, increase the units sold, and raise profits.

The doctor doesn't make house calls any more—unless you are bleeding to death. He makes the patient come to his office. Why? Because it saves time. Whose time? The doctor's, of course. Not yours. This enables him to see and have more patients, and (according to a study by American Medical Assn.) consistently results in more profit for the M.D.

Supermarkets cut out delivery and credit. They put groceries within the reach of the customer. The customer picks them up now and delivers them to the cash register—instead of paying a clerk to do it. You're much too young to remember the long pole with a

metal clasp with which the clerk in the old days used to get cans down from the top shelves. In those times the grocer laboriously put the stuff on the top shelf and then paid a clerk to get them down again.

What is the objective of reducing to a lean, effective minimum the handling of products (papers in insurance), of speeding up their distribution, of making one effort cover what has been taking two, or three?

To save money, hold down price and increase the number of units sold—along with profits.

In the process the customer may actually get less than he got before. Or he may have to do more than he did before—as he does when he picks up the groceries instead of having them delivered, or as he does when he takes and fetches the laundry—for a 20% discount. In the case of the laundry and groceries he can still pay the difference in price and get the service. But in some instances he has no option.

For example, packaging has changed a great deal in recent years—and is still changing. The milk bottle cap is harder to get off. Many packages are harder for the buyer to open. But the makers and distributors of these prod-

(CONTINUED ON PAGE 34)

Jainsen Plan For Casualty Research Unit Is Applauded

Agents At White Sulphur Meeting Give 100% Vote Of Confidence To The Idea

The idea of establishing a "research institute" for the casualty insurance business, to study and analyze marketing, company and agency procedures, and agent compensation, was



Wilson Jainsen



Lyle McKown

greeted enthusiastically by those attending the joint meetings of National Assn. of Casualty & Surety Executives and National Assn. of Casualty & Surety Agents last week in White Sulphur Springs, W. Va.

Idea Is Not New

Research in these areas is not a new proposal in the insurance business, but the presentation of the plan by Wilson C. Jainsen, president of Hartford Accident, and the reception his remarks received indicated that the time of action may be approaching.

Mr. Jainsen was asked by Lyle S. McKown of Minneapolis to describe the suggestion he made in a recent talk at Houston, it being remarked by Mr. McKown that there is a good deal of talk in the business of lack of cooperation and there are numerous cries of distress, but concrete suggestions for improvement are seldom heard. Perhaps the idea of research into the problems would be appropriate, but the question remains of how to implement it.

Need Objective Study

Mr. Jainsen said his idea basically is that the business needs a research organization to deal objectively and analytically with problems and developments, an organization to provide a clearing house for ideas and criticisms

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WAB Reports On Fire Prevention Activities Of 1958

Inspections in 83 towns were made in the midwest during the fiscal year ending Aug. 1, 1958, bringing to 2,688 the number of inspections made in 36 years under the auspices of Western Actuarial Bureau, the annual reports of state fire prevention associations in WAB territory show.

Properties inspected last year amounted to 14,570, resulting in 41,173 recommendations made. The percentage of properties found defective was 81% and about 3.5 recommendations were made per defective risk.

Ohio First, Michigan Second

Ohio associations again were the most active, inspecting nine towns and 1,483 risks. Michigan was runner-up with eight towns inspected and 1,279 risks. Other leading states in number of towns inspected were Nebraska with seven, Illinois, Missouri, Tennessee, and Indiana with six. The same states were also high in the number of risks inspected.

Inspections brought 1,319 risk criticisms in Ohio and 4,838 recommendations there. Michigan was second with 1,019 risks criticized and Arkansas was second in recommendations with 3,880.

Ohio field men made the most talks (69) to students at town inspections, and addressed the largest total audience (21,680). Arkansas was second with 50 speaking engagements before an audience of 10,758 students. In Tennessee 18 adult groups were addressed with a total audience of 837. In Arkansas nine talks were given to adults with an audience of 591. In all, there were 546 inspection talks given

State Regulation Is Key To Stability, Michelbacher Tells New York CPCUs

Regulation of rates cannot be discarded, Gustave A. Michelbacher, retired president of Great American Indemnity told the annual conferment luncheon of the New York CPCU chapter. The business cannot exist without cooperative rate making and the inescapable price it must pay for that privilege is regulation, he said.

The present system of regulation may be inadequate and it may be functioning badly in spots. If so, proper remedies should be proposed, where necessary, Mr. Michelbacher said. Completely unrestrained compe-

tion in rates for fire and casualty insurance is unthinkable. The business should apply itself to finding and supporting a workable and acceptable program that will be in the public interest and at the same time will accomplish the objectives so necessary to the orderly conduct of the business.

Regulation Is Strained

Mr. Michelbacher observed that urgent necessity to obtain approval of successive rate increases for automobile insurance in order to keep pace with spiralling costs recently has imposed a severe strain upon the present system of rate regulation. In more than a few cases political considerations have replaced actuarial reasoning, various devious tactics have been employed to avoid meeting the issue, and unsound and capricious

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to 134,947 people, an appreciably higher number than last year.

During the year, Richard E. Vernor, manager of the fire prevention department until his death, restricted himself to a minimum number of speaking engagements because of his health, and addressed a meeting of Detroit Safety Council at Pontiac, Mich. Emmett T. Cox, senior field officer, conducted fire demonstrations and was in charge of fire protection and first aid at the Prairie Farmer Farm Progress Show at Farmers City, Ill., where estimated attendance was over 200,000. Harry H. Wolf, field officer, conducted a two-day fire prevention seminar at Columbus, O., and he and Mr. Cox appeared on several different State Governors' Fire Prevention Conference programs.

State associations made use of 17 radio and four TV stations at town inspections. During Fire Prevention Week, 36 radio and 17 TV appearances were made by the associations and the WAB fire prevention department staff.

On hand at the open house marking the opening of a new branch office of Zurich from the left: Charles F. Baier, Zurich controller; Joseph Hatch of the Palmer & Cay agency of Savannah and chairman of the casualty committee of Southern Agents Conference of NAIA; William A. Pollard, Zurich production supervisor at the head office; John Farmer of Ford Farmer & Burnett, Atlanta general agency; William Ennis of the Finley Tucker & Bros. managing general agency of Jacksonville. Story on page 12.



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Honor Many At NAIA Convention

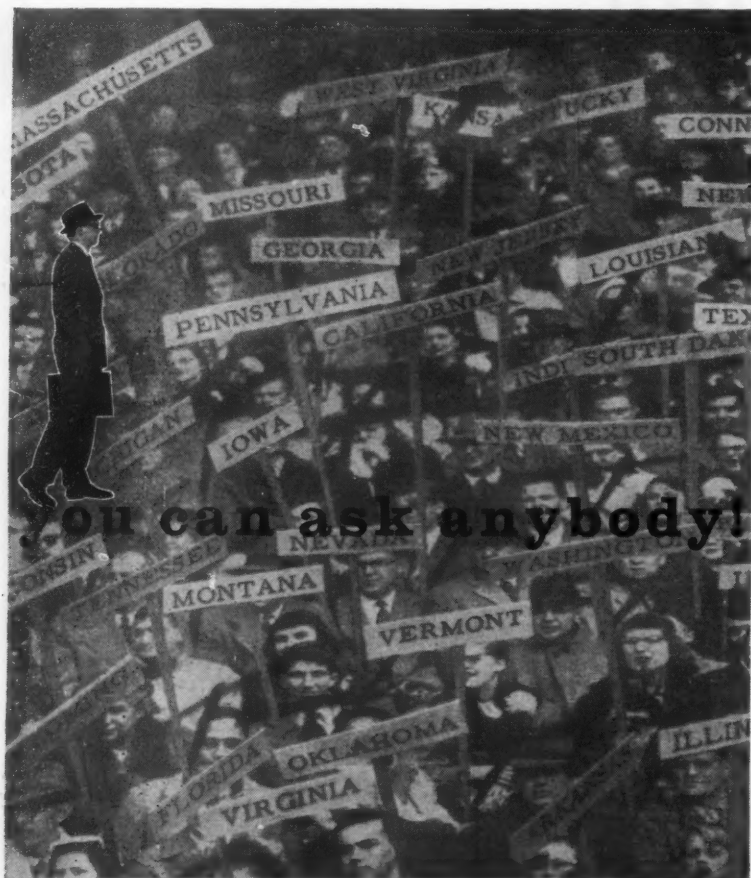
A number of individuals, boards and associations were honored at the convention in New Orleans of National Assn. of Insurance Agents.

Florida took both fire and highway safety awards. Fred W. Westervelt of National Board presented the fire safety award to Dave Johnson of Pensacola, president of the Florida asso-

ciation. The highway safety awards by Assn. of Casualty & Surety Companies of local boards went to Grand Ledge, Mich.; Whitley County, at Columbia City, Ind.; Broward County at Fort Lauderdale; Sacramento, and Oklahoma City, boards.

President Louie E. Woodbury Jr. recognized 11 agents with citations for eminent accomplishment in business, civic or personal activities. They were Simpson Stoner of Greencastle, Ind.; William J. Graul of Allentown, Pa.,

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Rush Carter Elected President Of WUA At 79th Annual Convention In West Va.

While there was no attempt to minimize the seriousness of the current situation, a spirit of optimism prevailed at the annual meeting this week of Western Underwriters Assn. at White Sulphur Springs, W. Va. It is hoped that the worst is over and that in WUA territory, at least, 1958 will show marked improvement.

New officers elected are: President, Rush W. Carter, Aetna Fire; vice-presidents, Herman P. Winter, America Fore, and Charles E. Dox, London & Lancashire. The outgoing president is Phillip S. Beebe, western manager of Hartford Fire. Edward H. Born is manager and secretary.

Mr. Beebe, in his address, commented that WUA is now completing its 79th year of uninterrupted operation. "The basic principle of any trade organization is to carry out those functions which can be performed more economically and efficiently by a single unified organization than by each member individually," he said, urging the members to make full use of WUA facilities. He also paid tribute to the staff of Western Actuarial Bureau because of the tremendous responsibility it is carrying and which it is discharging efficiently and conscientiously.

Seeks Balanced View

"In the day of prosperity, there is a forgetfulness of affliction and in the days of affliction there is no more remembrance of prosperity," Mr. Beebe observed. Developing this theme, he pointed out that the stock fire and casualty companies in 1957 had an underwriting loss of \$205 million and the loss was \$120 million in 1956. However, for the preceding eight years there was an underwriting profit each year averaging \$140 million.

"I agree," he said, "that our stockholders are more interested in tomorrow than in yesterday and that we cannot expect to pay tomorrow's losses with yesterday's gains, but this business of ours is one of averages and we must be prepared to take the bitter with the sweet."

He emphasized that he was not disposed to minimize the serious implications of the present but he said

DeNeau At Rochester

Phoenix of Hartford has appointed Harold F. DeNeau special agent in western New York with headquarters at Rochester. He was formerly with Massachusetts Bonding at Buffalo.



Rush W. Carter

he felt relief was in the offing. He cited such things as the new term rule, the "buy-back" wind and hail deductible, rate relief where statistics justify, and the long overdue restrictions of some of the "giveaway" covers in the broad dwelling forms.

Mr. Beebe also stated that he was glad to see the industry returning to the "ancient and all but forgotten art of underwriting."

He admitted, however, that the storm is not yet over and that all means which will tend to bring the business into a more normal climate must be sought out. Among these are better loss adjusting practices. "Generally speaking," he said, "our agents know how to adjust small losses but all too often, the 'have it fixed and send me the bill' technique seems to prevail. Something must also be done with the flat cancellation rule. Such cancellations represent a real loss and the business is furnishing protection for varying periods to an insured at no cost."

Suggests Classification Review

The retiring president also suggested that each member company review the classification in its agencies with particular attention to those who represent companies which specialize in preferred lines. "We might occasionally find that we are serving only as a convenient receptacle for hard to place business," he said.

The practice of cancelling and re-writing business when a change in rates is in the offing was condemned. Mr. Beebe pointed out that it is somewhat inconsistent to complain about rate levels in one breath while using the next breath to get as much business on the books as possible at inadequate rates.

In referring to expenses, he observed that there is no room in the premium today for expensive acquisition costs. Nothing is more important than the expense side and anything that tends to increase it should be studied carefully before it is adopted.

Stresses Bright Side

Mr. Beebe remarked that many in the business are too prone to look on the darker side of the picture. He said there are many good things about the business with which those in it could reacquaint themselves. Among them are the age of the stock companies, the number of stock companies, the amount of their resources, what they pay out annually in losses, what they have done in rehabilitating distressed areas, and the National Board and its work.

Mr. Winter, chairman of the governing committee, presented the report of that body.

He stated that one of the reasons

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Warns Producers, Buyers Of Dangers Of Too Little Cover

Insurance buyers and brokers were warned of the danger of neglecting sufficient upper limit casualty insurance by Ben D. Cooke, president of Agency Managers Limited of New York, in a talk to Insurance Brokers Assn. of Illinois at Chicago.

"So far as the underwriter on this class of business is concerned," Mr. Cooke said, "if he takes it at rates that are quite likely to bring him a loss, just for the sake of getting premiums on his books, he is probably the kind of gambler who goes out to the race track and bets on the horse on which the odds are 100 to 1, in the hope that the other horses in the race will all drop dead."

All Three Must Be Considered

The buyer, broker, and underwriter all have one thing in common, he observed—the desire to make a profit and remain in business. "To use a word that in other areas has been sadly misused, each of us must be willing not only for the others to co-exist, but we must bear in mind that the welfare of each one of us depends on the welfare of the other two."

When a buyer demands rates that experience indicates will bring loss to an underwriter, he automatically is setting the groundwork for inability to get the kind of insurance he needs. When a broker abets his client in this endeavor, and shops around for cheap insurance, he is acting against the best interests of his client, Mr. Cooke declared.

Can't Call Any Coverage Complete

In view of the carelessness with which money has come to be regarded in recent years, plus the steady inflation of currencies of almost every country, plus the generosity of juries in awarding damages of hundreds of thousands of dollars to one person, and millions of dollars to two or three, no one can say with confidence what complete coverage should be, he commented.

But one can be certain about what constitutes inadequate coverage. If insured is carrying the same amount of casualty insurance this year that he did last year, he can be sure he is underinsured. If he is carrying the same amount of insurance that he did five years ago, then he is genuinely looking for trouble, and he may encounter it in the form of disaster, Mr. Cooke advised.

Proposed N.Y. Law Changes Run Gamut Of Policies, Procedures And Regulation

The New York department, as it has done for several years, again this week conducted a hearing on proposed changes in the insurance laws. The proposals are those submitted by the business and members of the department staff, and are not necessarily what the department itself will sponsor in the next session of the legislature, which opens in January.

One of the proposals is to add the professions of accountant and auditor to the list of those areas in which insurance department employees are prohibited from being interested directly or indirectly. Presently department stenographers can accept compensation for services to insurers, under certain circumstances, and it is proposed to exempt department employees also who may teach insurance courses approved by the superintendent.

Firms which "warrant" the condi-

tion of an automobile or of anything else would come under insurance department regulation under another proposed change which would define operations of such firms as doing an insurance business and writing an insurance contract.

Free insurance is the subject of two proposed changes. One would make applicable to all insurers the present prohibition against free insurance which is directed against life and A&S insurers. Insurance brokers and real and personal property would be added to the free insurance prohibition.

Exclusion of coverage from an A&S policy on account of pre-existing conditions would be prohibited under another proposal.

Looser Notice Requirements

Some brokers have contended that failure to give notice as specifically

provided in the policy and within the time prescribed should not invalidate a claim if failure to give notice in this precise way does not jeopardize the rights of the insurer. This proposed change in the law is again up for discussion.

Another proposal would give insured the right of appraisal and arbitration under the standard fire policy, a right presently confined to the insurer. This proposal is strongly opposed by National Board.

Another producer proposal is to make it a public policy of the state that when rates are filed by or on behalf of companies using the services of licensed independent agents or brokers, the rates shall include fair and reasonable compensation to such producers.

Non-profit hospitalization and med-

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Travelers Names Three Managers; Two Retire

Fred Gilbert Jr., Travelers Indemnity manager at Oakland has been appointed manager at San Francisco. He succeeds Stanley J. Whiteman who has been granted sick leave. Ray Cushman has been named manager at Oakland to succeed Mr. Gilbert.

Arthur C. Walker has been appointed manager at Detroit to succeed John W. Callahan who has retired after more than 36 years with the company.

Mr. Gilbert joined Travelers in 1930 at Seattle and in 1937 went to San Francisco. Two years later, he was appointed assistant manager there and in 1954 was promoted to manager at Oakland.

Mr. Whiteman began in 1926 at Worcester. He was later at Toledo, Yonkers, N. Y. and then at Rochester, N. Y. where he advanced to assistant manager. He then became manager at Cincinnati, Indianapolis and Buffalo.

Mr. Cushman began in 1946 at Los Angeles and became assistant manager

there. Mr. Walker began at Toledo in 1941, advanced to assistant manager, and in 1953 went to Detroit. Mr. Callahan joined the company in 1922 and had been manager at Detroit since 1930.

Report On N.Y. License Curbs Under Compulsory

Under the New York compulsory law, 163 one year license revocations resulting from 129 accidents involving uninsured motorists were issued during the 1957 calendar year. In 1956, under the safety responsibility law, the state issued 75,260 suspensions against New York operators and owners for failure to present evidence of insurance at the time of accident. This data is included in the New York safety responsibility and financial security annual report by the motor vehicle department.

In 1957, New York issued 32,751 revocation orders against non-residents, affecting their privileges of operation in the state. Of these 11,365 were rescinded on receipt of evidence of adequate insurance.

In 1957, the motor vehicle department received 749,783 reports of accidents and issued 7,770 suspensions and revocations against uninsured motorists under the safety responsibility act. This act is still an important part of the state vehicle and traffic law in covering situations not under the compulsory act. Its reciprocal provisions with other states having similar laws and its judgment provisions are still applicable. Some cases involving operators of stolen cars, drivers of uninsured non-resident vehicles and drivers, and owners of unregistered vehicles involved in accidents occurring off the public highway, not covered by the financial security act, are subject to the immediate security requirements under the safety responsibility act.

Oregon CPCU To Honor Five

Oregon chapter of CPCU will honor five CPCU candidates who have completed the 1958 examinations at an all-industry luncheon Oct. 30. Candidates for the designation are Will Brenton, Edward C. Cinquini, Stanley P. Duyck, Joseph W. Faurot, and William H. Lilly, all of Portland.

Insurance Securities Fund Has Asset Gain

Insurance Securities Trust Fund of Oakland, Cal. had net assets of \$306 million at Sept. 30 compared with about \$230 million on Sept. 30, 1957. Leland M. Kaiser, chairman, said the increase is the result of new money invested, dividends received and capital appreciation.

The fund owns over 5½ million shares of common stock in 89 fire, casualty and life companies. This represents an increase of over 600,000 shares during the past year. At Sept. 30, investors included about 50,000 individuals, organizations and institutions, holding 77,000 participating agreements, 11% more than a year ago.

AMA Told Of Fraud Covers

Peter A. Zimmermann, assistant secretary of Surety Assn. of America, outlined the cost of fraud to man and management at an American Management Assn. finance orientation seminar at New York on organizing and administering the internal auditing function.

A system of internal control, Mr. Zimmermann said, can make embezzling difficult, and good control will discourage many potential embezzlers, but there is always the danger of a collusive loss or the steal-and-run type of fraud. In the final analysis, he said, an adequate amount of fidelity bond coverage, or honesty insurance, should be carried, and as an aid to that end he recommended the association's booklet "How Much Honesty Insurance?"

Houston Insurance Club Elects

Arthur W. Lowery, Republic National Life, Houston, has been elected president of Houston Insurance Club, succeeding Earl W. Gammage, Pan-American F.&C.

Herbert Preston, vice-president of U.S.F.&G. and T. B. McMath, boiler and accident prevention director of Maryland Casualty, discussed nuclear energy liability insurance at the October meeting of Maryland chapter of American Society of Insurance Management at Baltimore.



Horsecar in New York City. Photographed about 1890.

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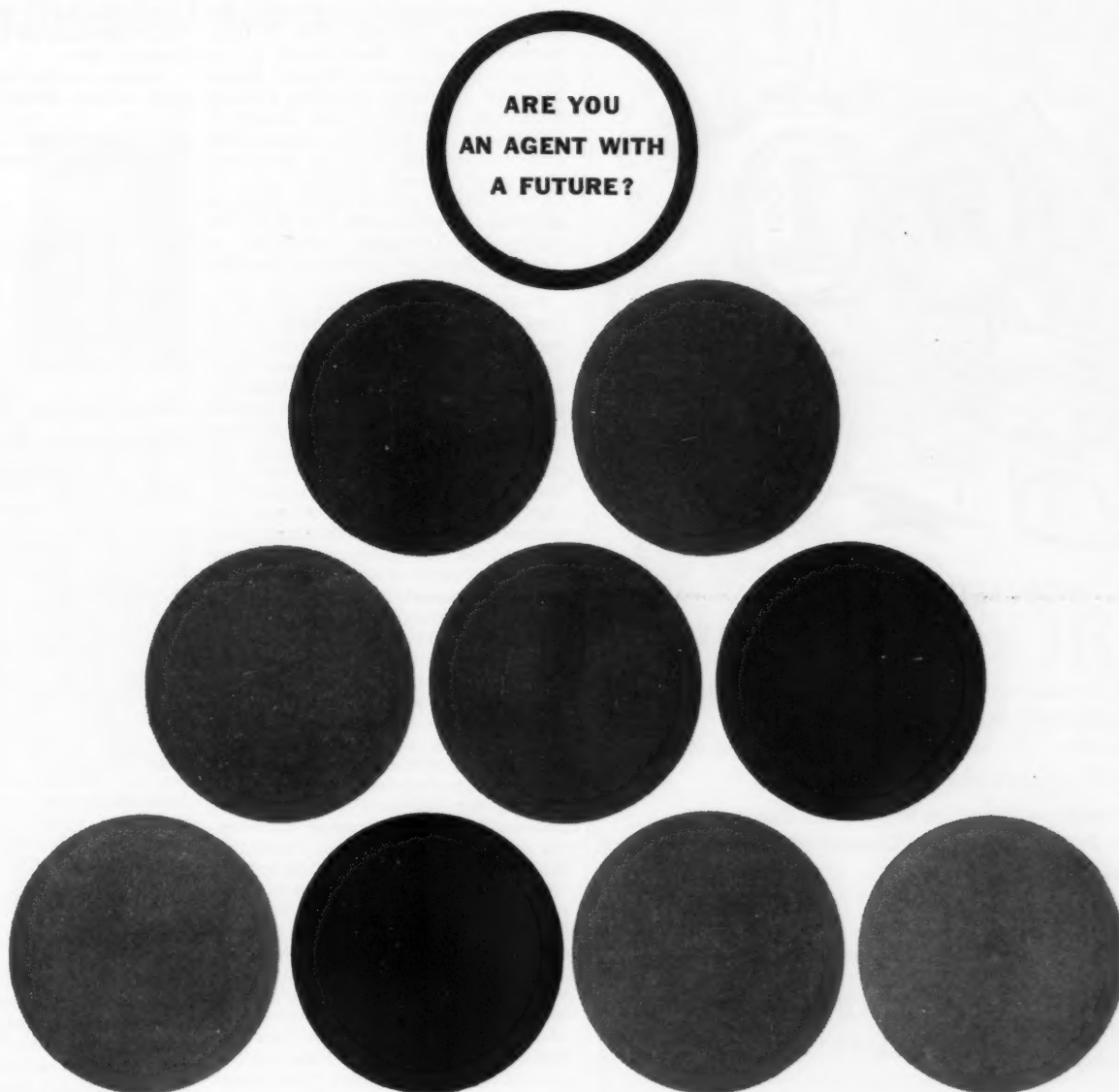
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That depends. On you. And on the organization behind you. If you're an INA agent, you're sitting on top of the world! For you're supported by sales and service offices everywhere. Fifty-one in this country and Canada. Forty more overseas. This vast network of co-ordinated production and underwriting experts has helped you build for the future with multiple-line Fire-Marine-Casualty-Life sales. INA's 'one-stop' insurance selling, monthly-pay plan and other selling aids build for the future. Ask your INA Fieldman.

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Tentative Program Readied For NAIL Annual Nov. 24-26

A tentative program for the annual convention of National Assn. of Independent Insurers, Nov. 24-26, at the Fontainebleau hotel, Miami Beach, has been completed. Heading a list of prominent speakers is Sen. Joseph C. O'Mahoney of Wyoming, a not altogether unfamiliar name in the insurance world, and Commissioners J. Edwin Larson of Florida, Paul A. Hammel of Nevada, and Arch E. Northington of Tennessee, president of National Assn. of Insurance Commissioners.

Following the welcoming address by Commissioner Larson Monday morning, Wendell E. Howard, Kentucky Farm Bureau, will deliver his presidential address and Vestal Lemmon, general manager of NAIL, will present his report. Commissioner Northington will speak on "Responsibilities of the Regulator and the Regulated" and Senator O'Mahoney will be the luncheon speaker. In the afternoon a panel will discuss the uninsured motorist problem and the controversial experiments of compulsory, UJF and statutory uninsured motorists. Panelists will be John H. Carton, Wolverine; Neville Pilling, Zurich; Thomas C. Morrill, State Farm Mutual Auto; and George H. Kline, Allstate.

To Discuss Awards Inflation

Inflation in claims awards will be taken up in a speech by Welcome D. Pierson, editor-in-chief, The Defense Law Journal, Oklahoma City, in a talk, "Facing Up to the Problems of the Defense." Other speakers in the morning will be Alfred C. Neal, Committee for Economic Development, New York, "New Challenges to the Private Enterprise System;" Commissioner Hammel, "Healthy Competition Under Regulation;" and State Sen. Jarrad Secrest of Texas, "States Rights, Competition and the Public." Luncheon speaker Tuesday will be Tom Collins, publicity director of City National Bank & Trust of Kansas City, who will tell his listeners that "You're Greater than You Think." The executive session will take place in the afternoon and a social hour will follow.

New trends in business will be the theme of Wednesday morning's program. P. L. Thornbury, Nationwide Mutual, will discuss alternative compensation, and a panel consisting of W. H. Rodda, Transportation Insurance Rating Bureau, Robert K. Syfert, Ohio department, and another speaker yet to be announced, will cover the package policy field. A panel on the problem of accurate accident statistics field services program will conclude the speaking part of the meeting. Panelists will be A. E. Spottke, Allstate, and William C. Johnson, National Safety Council.

Dwelly Is Raised By North America At N. Y.

North America has advanced Robert R. Dwelly to marine manager at New York. He joined the company in 1927 at the home office and later went to New York as hull underwriter. He became assistant marine manager there in 1944.

Mr. Dwelly is chairman of the policy committee and a member of the underwriting and management committees of American Hull Insurance Syndicate.

Sept. Fire Losses Show 1.4% Increase

Fire losses in the United States during September amounted to \$73,303,000, according to the national Board. This represents an increase of 1.4% over losses for September, 1957, and a decrease of 2.9% from losses in August, 1958.

Losses for the first nine months of 1958 totaled \$810,811,000, an increase of 4.1% over the similar period in 1957. For the first nine months of 1958 and the two preceding years, losses were:

	1958	1957	1956
Jan.	99,918,000	115,272,000	96,972,000
Feb.	103,853,000	95,589,000	84,041,000
March	102,722,000	104,565,000	89,315,000
April	99,061,000	85,894,000	84,624,000
May	85,633,000	79,045,000	87,681,000
June	90,048,000	69,710,000	74,770,000
July	80,782,000	77,814,000	68,752,000
Aug.	75,491,000	78,364,000	74,930,000
Sept.	73,303,000	72,264,000	70,118,000
Total	810,811,000	778,597,000	731,203,000

Minn. Labor Wants Big Changes In WC Benefits

ST. PAUL—Organized labor in Minnesota has announced its legislative insurance program for the session which opens in January. On workmen's compensation, it will demand increase in benefits to 80% of the injured worker's wage; repeal of the waiting period before benefits begin; an increase of the burial allowance to \$1,500; repeal of existing time limits on benefit payments; improvement of retraining provisions for disabled workers who have to learn a new trade, and a proposed study of a state financing plan to meet employer objections against higher compensation insurance rates charged by private insurance companies.

Another labor demand is for extension of state supervision to all types of insurance plans operating in Minnesota, including Blue Cross and Blue Shield.

Spexarth Is Aviation Head

Peter G. Spexarth has been appointed manager at Seattle of the aviation department of the Hansen & Roland general agency of Tacoma, succeeding Donald Magee. Mr. Spexarth has been resident vice-president and manager at Portland, and prior to that was manager of the aviation department, then located at Tacoma.

The insurance section of New York Board of Trade will have Najmul Saqub Khan, vice-consul of Pakistan and former member of the U. N. delegation, as speaker at the Oct. 30 luncheon at the Downtown Athletic Club.

ASSISTANT MANAGER INDUSTRIAL INS. DEPT. \$8,500.

Nationally known Industrial Firm, housed in desirable Mid-western City population under 250,000.

Specifications: age under thirty-five, (cannot consider men beyond this age); Legal degree mandatory. Prefer diversified Fire and/or Casualty background acquired on Underwriting level with Insurance Company or Industrial Insurance Department. All inquiries handled on a confidential basis.

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CPCUs Review Effects Of Social, Economic And Governmental Changes

NEW ORLEANS—The seminars sponsored during its annual meeting here by Society of CPCU emphasized the effects on insurance of economic, governmental and social changes. In addition to Bernard J. Daenzer of Wol-reich & Anderson, New York, who was elected president, Robert O. Young, Cleveland manager of North America, and Price M. McCulley, Shreveport adjuster, were named vice-presidents, and William R. Kersten of Van Schaack & Co. agency, Denver,



Robert O. Young



William R. Kersten



Price M. McCulley

chairman for the annual meeting in Los Angeles in 1959.

External and internal pressures on property and casualty insurer financial strength were discussed by Shelby C. Davis, New York City investment broker. He was assisted by John H. Kerr, Maryland Casualty; Norman E. Roop of Booth, Potter, Seal & Co.; Matthew H. McConnell of General Accident, and Arthur L. Hoffman of Reliance, all of Philadelphia.

Dealing With Underinsurance

Current methods of solving the underinsurance problem, including deductibles, signed applications, and graduated rating and commissions, were analyzed by Bernard W. Moore and Scott McIntyre Jr. of United F&C, and Garrett Roerink of American. The writing of fire insurance on an actual cash value basis instead of stated amount was examined.

Panelists W. H. Erwin of Meritplan, Neil Flammer of California Union Ins. Co., and James E. Hassinger Jr., New Orleans agent, scrutinized the loss and loss expense portion of the casualty premium dollar. They termed rate increases, alone, as a completely ineffectual solution to the problem of inadequate rates, and, in fact, a dangerous oversimplification of a condition created largely by unrealistic practices that must be eliminated or revised in the light of rapid changes in our economic system.

Such unrealistic practices, it was

stated, are as numerous and complex as the business itself, and are subject to correction only through a study of insurance principles and a re-evaluation of the insurance function. A realistic view of this problem clearly indicates that social, political and economic pressures have forced casualty insurance companies into accepting practices that are incompatible with a true insurance function.

Effect Of Regulation

Rate regulatory laws, the panel said, are now enforced by many insurance departments in a manner that precludes sound insurance management judgment, substituting, instead, inflexible statutes designed to justify the end result—however inadequate that result might be.

A survey of the operating expenses of about 100 companies was introduced in a seminar on the expense portion of the premium dollar conducted by A. Leslie Leonard, dean of the School of Insurance Society of New York; T. M. Irvine of American, Milwaukee; and H. B. Skelton of Rough Notes. Strictly a "pilot" study, the particular considerations of production forces, company field representatives and home office management were evaluated and suggested areas of reconciliation were discussed.

"How Others See Us" was the subject of a session headed by Mrs. Jean P. Riggs, deputy commissioner of Wyoming, assisted by John O. Felker, St. Louis agent, and John D. Phelan of American States.

Admittedly, public understanding is difficult to achieve due to the size and complexity of the insurance business, Mrs. Riggs said. It isn't easy to make this theory-laden and statistic-filled business "interesting."

The basic misunderstanding, Mrs. Riggs feels, is that many people do not realize an insurance premium is paid in order to get protection, not

(CONTINUED ON PAGE 40)

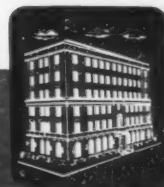


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October 24 - November 22

"A great time to achieve success by letting others assist you." What better time than now to team up with Kansas City Fire & Marine, whose constant goal is to give you every possible assistance in achieving your goals of success.

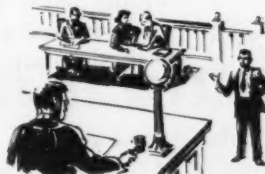
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Award Of \$550,000 To Fla. Cop In Cab Crash

An award of \$550,000 was made to Miami Beach policeman, Carlton Fromm, in a suit against Anderson Johnson, operator of Magic City and Harlem Taxicab Services. The judgment by a Dade county circuit court jury is said to be the largest ever made against an individual for traffic accident damages.

Mr. Fromm's spinal column was pinched and his legs were paralyzed

when his motorcycle crashed into a Harlem Cab Co. taxi operated by Nolan Green who drove into a funeral procession which the policeman was escorting. Suit against the cab company was settled for its policy limits of \$10,000.

Mr. Johnson, who held title to the cab, was uninsured and did not defend the suit against him as an individual. He claims that title to the cab had been transferred to another party at the time of the accident, and has now employed counsel. The award may be appealed.

See End Of High Awards By Treating Disfigured

A partial solution to the problem of exorbitant jury awards in facial disfigurement cases, was pointed out to company representatives at a meeting at University Club of New York, by Arne Fougner, president of Christiana General. Mr. Fougner asked for support of a program to establish a world center for treatment and rehabilitation of the facially disfigured.

The Society for the Facially Disfigured

has, since 1955, operated a clinic for reconstructive plastic surgery in the Manhattan Eye, Ear and Throat Hospital. After studying the society's work, the Avalon Foundation has granted \$1 million toward the establishment of a full scale Institute of Reconstructive Plastic Surgery, to be located in the soon to be built New York University-Bellevue Medical Center. But the Avalon grant must be matched by an additional \$1 million from other sources, by Dec. 31 of this year.

Mr. Fougner, a trustee of the Society, said that nothing moves juries to greater generosity with insurance company's funds than the sight of a disfigured face and suggested that insurers form a special committee to sponsor some part of the proposed institute.

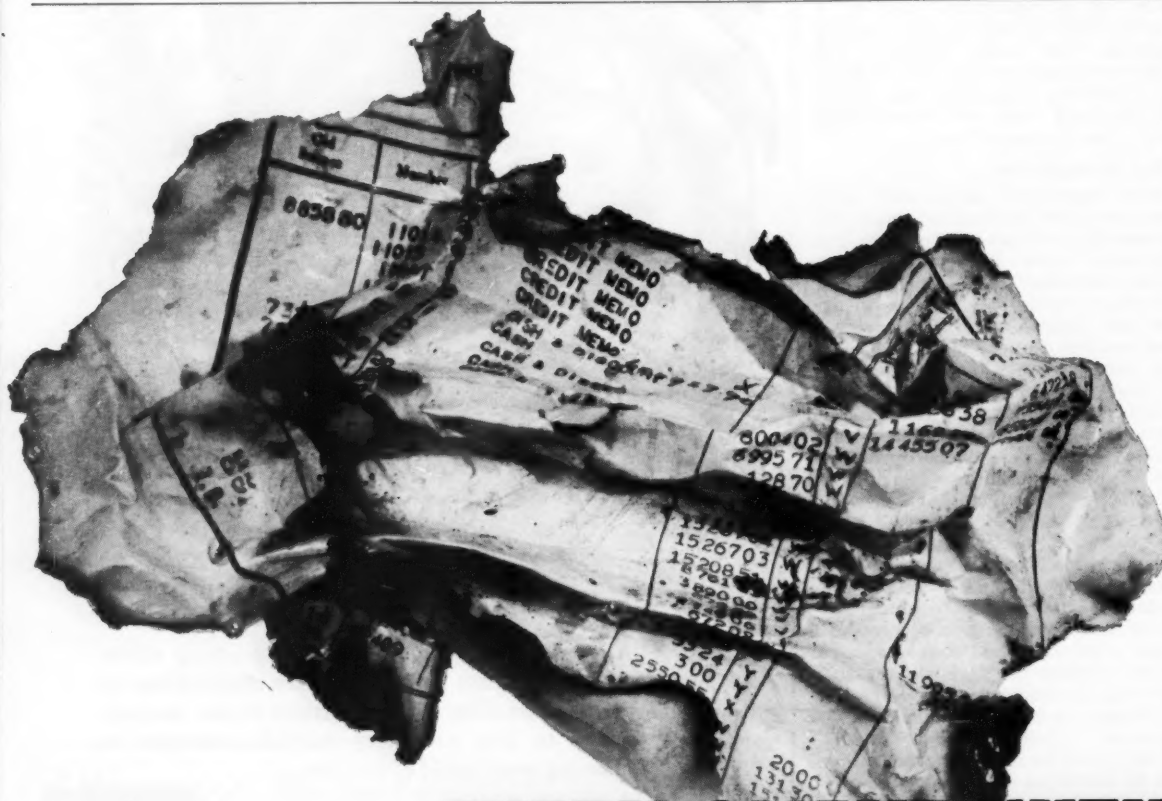
Sees Lower Jury Verdicts

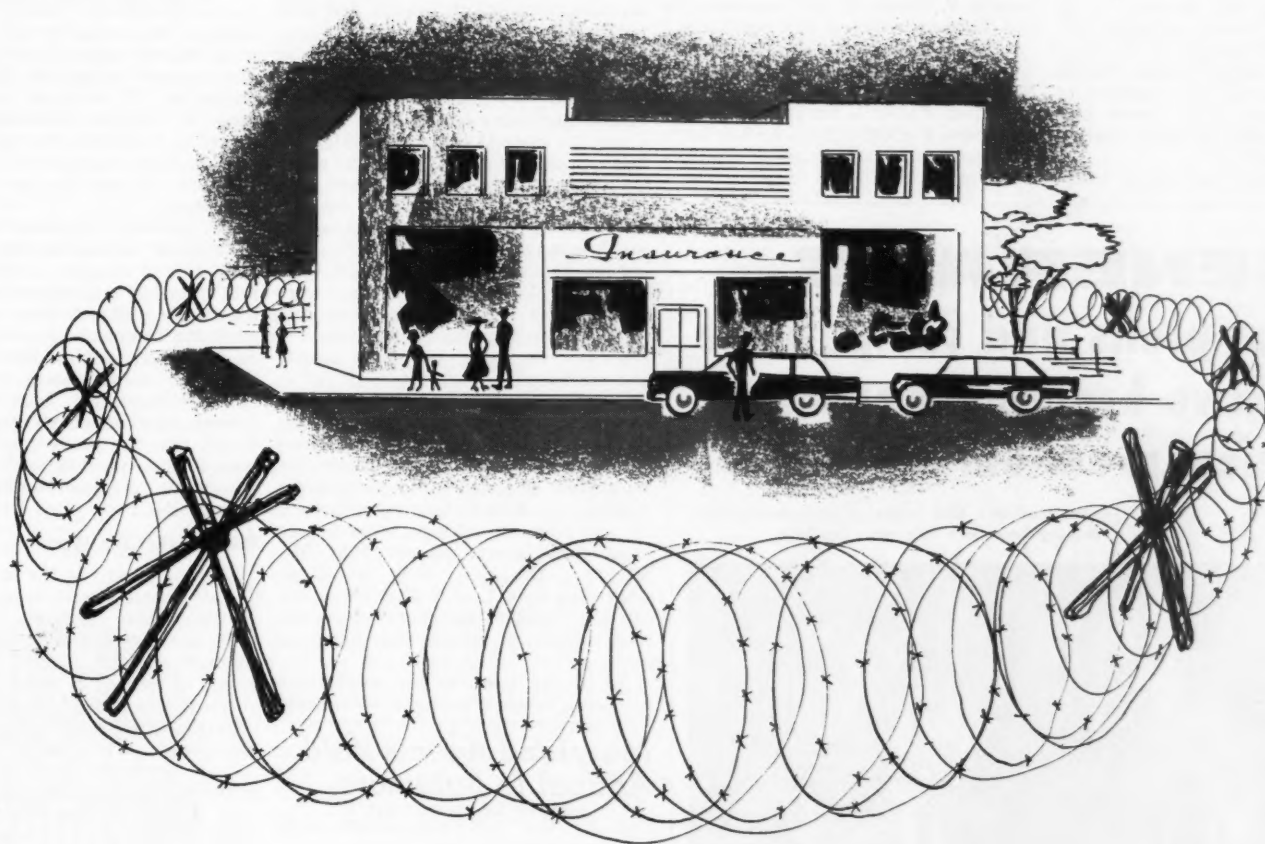
Thomas D. Brophy, president of the Society, explained its operation and future plans, which include a three-fold national program of education, research and treatment. In elaborating on the educational aspect he pointed out that when sufficient facilities are available and the public is made aware that expert and immediate treatment will usually mean rehabilitation and a complete return to normal life, jury verdicts will correspondingly decrease. Supporting the Society's program, Mr. Brophy told the insurance men, is a good way to combat chiseling lawyers who have cost companies millions in facial disfigurement cases. If victims are aware that immediate treatment can often be the difference between complete and partial rehabilitation, they will be less likely to postpone such a treatment until after the trial.

Dr. John M. Converse, director of the clinic, gave a visual aid demonstration showing some of the amazing work done by the clinic, a good percentage of which is charitable. Although the clinic is only three years old, he said, it is already so well known that the number of applicants exceed its capacity.

Allstate Names Regional Personnel

Allstate has announced the following appointments: Richard S. Lowrey, fire sales supervisor at Harrison, N. Y.; William Savich, district sales manager at Murray Hill, N. Y.; Douglass M. Phillips, district sales manager at St. Petersburg, Fla.; James A. Shea, assistant claim manager at Harrison, N. Y.; Robert Shields, assistant claim manager, Harrison; and Thomas F. Nickerson, sales supervisor for life and A&S at Hartford.





*If your present markets
are fencing you in . . . try*

ILLINOIS R. B. JONES

It's an old American saying: "Don't fence me in". Yet, today agents and brokers are beginning to feel the pinch of diminishing domestic markets. They are encountering resistance in placing many lines. These factors are making deep inroads on producers' earnings . . . requiring greater ingenuity to get and hold business.

Illinois R. B. Jones has the answer for maintaining and increasing your production level through its favorable Lloyd's connection. The first thing

you'll find is a whole new world of opportunity in excess and surplus line selling. In many cases, coverages are compatible with your regular fire and casualty lines. Add to this, the extra income you'll experience in featuring the innumerable Lloyd's inland marine, aviation and special risk coverages.

Whatever your problem, Illinois R. B. Jones is ready to help you with a complete portfolio of new ideas. Call us today or write for our booklet, "Our Inventory Is Your Opportunity".

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Hold Open House At Zurich Atlanta Office

The new offices of Zurich and American Guarantee at Atlanta were visited by about 200 persons at an open house last week, including the commissioners of Georgia and Tennessee, and representatives of the Florida department, as well as a number of insurance notables and Atlanta city officials. A buffet dinner and reception followed the open house.

The event marked the formal open-

ing of larger quarters for the companies in the insurance center of Atlanta at 1371 Peachtree building. The Atlanta branch services Georgia, Florida, Alabama and eastern Tennessee. Donald F. Farrer is the manager. He was Tennessee special representative.

(Picture on Page 2.)

Lyle Adjustment Co. of Phoenix has appointed Walter I. Burke to the staff at Tucson. For eight years he has been Metropolitan claim manager at San Francisco of St. Paul F.&M.

"GENERAL'S package plans and competitive rates have brought thousands of new premium dollars"

— says Frederick Holt (right) of Providence, R. I., talking here with General's Ted Hull



Mr. Holt, vice president of the insurance agency that bears his name, is "sold" on the value of a General franchise. The agency has represented the General for almost 25 years and has this to say about our coverage and rate picture:

"Sure we are sold on General! It has brought us thousands of new premium dollars. The entire line of General policies is first class and your yacht insurance is a perfect example.

"It's been full speed ahead with General's marine insurance. Our clients highly value their yachts, so naturally demand the finest protection. We can meet their needs with General's broad coverage and competitive rates. Keep up the good work!"

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GENERAL
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OF AMERICA

SEATTLE 5, WASHINGTON



Large Lines Session Features Panel

(CONTINUED FROM PAGE 20)

answered briefly by Mr. Cochran, the first of these being "from the year so far completed does it appear that 1958 will be a better volume and profit year for your firm?" The answer on this as to volume was 60% expected to be above the previous year, 25% lower than the previous year and the balance about the same. As to profit, 68% said they expected to be ahead, 15% about the same and the balance lower than the year previous. Question number two, dealing with "No. 1 Problem in the Insurance Industry Today", came out as a multiple answer, with such items mentioned as red tape, overlapping work, duplication of effort and expenses arising therefrom, negative attitude, too many part-time agents and ineffectual advertising.

Question number four—"Is commission reduction on automobile business the best solution to improving automobile loss experience by reducing acquisition cost, and is our competitive relation to direct writers improved by applying commission reduction to basic rates?"—was answered by Mr. Sheldon. He said 75% of those answering lean toward the latter part of the double question; however, companies must reduce their expenses also.

As to the question on what steps are being taken to compete with direct

writers, Mr. Keys answered that the agency system must step up its manpower and service. Service is a potent weapon, he declared, but one of the most abused words in the industry. To give proper service, in large lines in particular, it is highly necessary to have a definite knowledge of the contracts involved. The direct writers just don't do a proper job in this area and price is not always the answer he stated.

Mr. Lederer discussed some of the answers of what agency companies should do to compete with direct writing. He said it's always easy to blame the "other fellow" when speaking of what the companies can do, or should do. However, business and commercial insurance doesn't seem to have too much competition from the direct writers, he averred. Mr. Lederer mentioned that for years companies have been holding up their end in competition with the direct writing mutuals in these lines.

Mass Market Big Worry

The big worry is the mass market, he said, namely with auto and homeowners. "There are faults on both sides—the agencies and the companies." He emphasized that more advertising money of companies should be directed to the public through mass media. Mr. Lederer believes that NAIA's advertising program is going to help sell the agency insurance companies to the public to a great extent.

In answer to the question as to whether the agency system results in an adverse selection of risks, 70% of the answers were in the negative. Mr. Hawk said for several years adverse selection may have obtained but not today, especially with most companies operating at an underwriting loss. Agents are realistic and won't be unduly careless with underwriting and bad risks. He pointed out that if the companies withdrew from their agencies because of bad selection of risks, the agencies certainly would be in a bad position. Therefore, adverse selection does not seem to be a major agency problem.

The second item at the breakfast was a panel on current underwriting problems by the Chicago CPCU chapter. Moderator was Robert A. Hedges of College of Commerce, University of Illinois. Panelists were: Goodwin Clark Jr., assistant vice-president Continental Casualty, discussing rate approvals; William T. McElveen, vice-president Wineman Bros. agency, contract liberalization; Joseph J. Corbett, vice-president Adams-Clark agency, judicial liberalization, and William Reynolds of Standard Oil of Indiana.

Dubuque F.&M. has reentered Washington as a multiple line insurer.

Maryland Agents Hold Annual In Baltimore

(CONTINUED FROM PAGE 1)

Casualty and U.S.F.&G.—were hosts for the former.

W. E. Pullen, senior executive vice-president U.S.F.&G., and G. T. Warfield, Baltimore, past president of National Assn. of Insurance Agents, discussed trends in the business, with Mr. Warfield offering a look at what is ahead for the agent. The family automobile policy was analyzed by R. A. Ashton, manager of the education department Maryland Casualty, and details of the new homeowners policy program were discussed by B. P. McMackin Jr., assistant editor, Fire, Casualty & Surety Bulletins.

Mr. Oakley was eulogized formally and informally. He had been with the association for around eight years, during which time he had had an important part in building up the organization. In addition to his handling of association affairs generally, he was considered a real expert in the field of legislative relations. No successor to Mr. Oakley has yet been named.

Mr. Cash fills the chairman's post, vacant since Mr. Thome's death this summer.

Company men crowded in beside agents for the education sessions and presided over a somewhat reduced, but still hospitable number of company headquarters.

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of outstanding personal service to insurance companies.

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Name Acquisition Cost Unit Of NAIA

A special committee to gather information and statistics on production cost and/or acquisition cost allowances has been named by Paul H. Jones, of Tucson, vice-president of National Assn. of Insurance Agents.

John P. Wilson Jr. of Mobile was named chairman. Members are Joe H. Bandy of Nashville, Robert E. Battles of Los Angeles, H. H. Nelson of Council Bluffs, and Arthur L. Schwab of Staten Island.

The committee was appointed by Mr. Jones as chairman of the NAIA executive committee. At the recent meeting of National Board of State Directors in New Orleans a motion was made and passed unanimously directing the executive committee immediately to establish such a study group.

The motion asked that the committee gather information and statistics on production cost and/or acquisition cost allowances for those states which want information and assistance.

Alaskan Agents Elect Shattuck At Annual Meeting In Anchorage

Alaska Assn. of Insurance Agents at its annual meeting in Anchorage elected Curtis Shattuck of Juneau as president. Other officers named are: Edward Dimock, Anchorage, vice-president; James Taylor, Petersburg, secretary; Robert Gore, Ketchikan, treasurer; and Jack Conway of Sitka was re-appointed state national director.

The Alaskan agents were urged to participate in a "solid program" of insurance legislation for Alaska, "not on a one-shot pressure program aimed at the passage or stoppage of a particular bill" by Commissioner Ross P. Duncan.

Following showing of the NAIA film on the 1959 national advertising program, the advertising committee recommended that members contribute at the rate of 25 to 50 cents per \$1,000 of premium volume.

Other featured speakers included: J. R. Harrison, Pacific Fire Rating Bureau, who discussed the operation of the bureau; George Clarke, Washington Surveying & Rating Bureau, fire rate regulations, the background and cycles of the business which lead to regulation and the history of the Bureau in Washington; R. B. Masters, Fire Underwriters Assn. of the Pacific, who spoke on agency management, and L. J. Hoagland, Sayre & Toso, who advised agents on the additional markets available in the surplus field to provide necessary coverages not available in the admitted market.

Dividend To Creditors Of Preferred Accident

An additional dividend of 5% will be paid to all Preferred Accident creditors whose claims have been allowed in the liquidation proceeding. The payment is the sixth since the company was taken over for liquidation in 1951, and will be made as soon as necessary computations have been completed. It will then represent 100% in dividends for all creditors holding allowed claims, a record in the history of the liquidation bureau of the New York department.

In addition to the 100% dividend, Superintendent Wikler of New York, the liquidator, has been directed by order of the New York supreme court to pay interest up to the date of the entry of the liquidation order from the date of accrual on all timely filed claims, except personal injury claims which were unadjudicated on or before April 30, 1951, and claims which were contingent at that time.

New Pa. Fire Rates Effective, Suspended

Commissioner Smith of Pennsylvania has notified the Middle Department that its fire rate filing automatically became effective Oct. 17 under the law because he neither approved nor disapproved the proposal.

Mr. Smith said that he permitted the rate changes to become effective in this way in order that public hearings may be held. He has suspended the effective date until such hearings have been completed and a formal decision has been made by the insurance department. The filing is now open for inspection at Harrisburg and copies will soon be available in Philadelphia and Pittsburgh, whose city officials requested the hearings which are expected to be held shortly.



*"Like I say, Joe,
'You can always rely on a
RELIANCE FIELD MAN!'"*



RELIANCE INSURANCE COMPANY

401 Walnut Street, Philadelphia 6, Pa.

Symbol of American Insurance integrity since 1817

All Risk Package Policy

SINGLE PREMIUM

An ideal multiple-location policy for commercial and industrial risks. Includes all physical hazards... plus broad liability coverage, bonds, fringe benefits—usually subject to combined over-all deductible.

Excess Underwriters is your logical source for every Reinsurance and Excess cover requirement. Specialists in tailor-made contracts.

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INC.
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WEBSTER 9-5535
CHICAGO



HERE'S A FORM OF PROTECTION EVERY STOREKEEPER NEEDS

That's right. Step into almost any store, ask for the boss, and you'll be looking at a good prospect (unless he's already covered) for Ohio Casualty's Storekeepers Liability Policy.

This modern package policy is designed for the small or medium-size, independently owned store. Most lines of retail business are eligible for its broad coverage.

The policy combines Bodily Injury and Property Damage Liability coverage on a single liability limit basis.

In addition, it includes Medical Payments coverage for the benefit of customers injured on the premises, even when there is no liability on the part of the storekeeper. The policy applies to accidents on the store premises and also to accidents caused by the handling or use, away from the premises, of goods sold by the store.

An attractive advertising folder on the Storekeepers Liability Policy is available. Inquiries are invited.

THE OHIO CASUALTY INSURANCE COMPANY

HOME OFFICE, HAMILTON, OHIO

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Convention Dates

- Oct. 23-25 Colorado Insurers, annual, Broadmoor Hotel, Colorado Springs.
- Oct. 26-28, Missouri Assn. of Farm Mutual Insurance companies, annual, Governor Hotel, Jefferson City.
- Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.
- Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace Hotel, San Francisco.
- Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake Hotel, Chicago.
- Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza Hotel, Boston.
- Oct. 28-29, South Carolina Assn. of Insurance Agents, annual, Francis Marion Hotel, Charleston.
- Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler-Hilton Hotel, Hartford.
- Nov. 6-7, Central Claim Executives Assn., annual, Sheraton Hotel, Chicago.
- Nov. 6-7, Kansas Assn. of Mutual Insurance Companies, Newton.
- Nov. 16-18, Kentucky Assn. of Insurance Agents, annual, Kentucky Hotel, Louisville.
- Nov. 17-19, Indiana Assn. of Insurance Agents, annual, Claypool Hotel, Indianapolis.
- Nov. 20, Insurance Federation of New York, annual, Waldorf-Astoria, New York City.
- Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton Hotel, Chicago.
- Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.
- Dec. 10, Eastern Underwriters Assn., annual, Biltmore Hotel, New York City.
- Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt Hotel, New Orleans.
- Dec. 28-29, American Assn. of University Teachers of Insurance, annual, LaSalle Hotel, Chicago.

Michigan Mutual Agents Ready Program For Annual

Plans are being finalized for the annual convention of Michigan Assn. of Mutual Insurance Agents to be held Nov. 6-7 at the Pantlind Hotel, Grand Rapids.

Among the speakers will be Henry Bean, the prospective National association president; W. H. Rodda, Transportation Insurance Rating Bureau, who will explain the new homeowners' policy; Stewart Struck, president of Dairyland Mutual, who will explain latest developments in connection with the uninsured motorist problem; Alvin Braun, Home Mutual, and Raymond Broekema, winner of this year's scholarship to the Oberlin College insurance school.

State Farm Takes Option On Ohio Building Site

State Farm Auto has taken an option on a building site in Newark, O., and if the rezoning is approved and the purchase consummated, the company proposes to erect a 60,000 square foot regional office building to serve its Ohio and West Virginia policyholders.

State Farm's Ohio business is presently handled by the Marshall, Mich., regional office, while West Virginia business is handled by the eastern office at Charlottesville, Va.

Peterman Named At Phoenix

Albert A. Peterman, multiple line underwriter and field representative for Olympic in Pennsylvania and Phoenix for the past five years, has been appointed manager of the Phoenix service office. Previously he was with Pennsylvania Thresherman at Harrisburg, and with National L&C. at Phoenix.

Zurich has moved its St. Paul-Minneapolis office to new quarters in the Investors Building, Minneapolis. Frank G. Smetana has been named field representative to assist Manager Sandy A. Myhre.



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FRANCIS MARION HOTEL

OCTOBER 28 and 29

We extend to you and your friends a most cordial invitation to visit our suite at the Francis Marion. It will be a privilege and pleasure for us if we can in any way make your convention more enjoyable and profitable to you.

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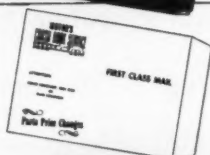
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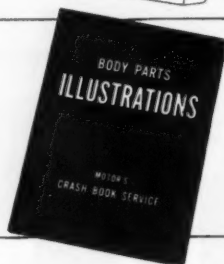
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Gallagher Advocates Price Trimming

CONTINUED FROM PAGE 29

the 1.4% underwriting loss of 1957 would have been replaced with a 1.6% underwriting profit."

Mr. Gallagher said that the largest single item of expense is commission, and his agent listeners, familiar with thoughts he has expressed on the subject, perked up their ears. He broached the subject at an unpolemical level, saying that "I have no reason to think that agents are, in any sense, overpaid. I think any plan of commission change which would ultimately reduce the agents' dollars commission is entirely wrong." However, he said that he was not convinced percentage as the sole method of determining commission is "sacrosanct or equitable." He said he didn't think it justified for an agent in Tulsa to receive twice as much for writing the same auto policy as an agent in, say, Indianapolis. "I think the companies made a deplorable mistake when they began to use commission as a means to buy business and thereby added unjustifiably to the expense loading of the dwelling class."

Commissions Competitive Factor

In response to a question on this subject from the floor, Mr. Gallagher said he felt many agents believed that bad loss experience was the principle behind the companies' desire to modify commissions. He said this notion was erroneous and that the real reason for modifying commission is to keep up with competition.

Forecasting what lies ahead for insurers, he said the future would see keener competition from direct writers and mutuals, whom he said, are now girding for a big push which they expect will bring to them the predominant volume of fire business.

Mr. Gallagher said he would not be surprised to see a shuffling of all

acquisition costs, including commissions, and he predicted that this would probably be instigated by the agents themselves. When faced with ever-increasing competition from direct writers, agents may well realize that any percentage of business is better than a high percentage of no business, he declared.

Package Policies Discussed

Another panel member, C. N. Mulican Jr., fire manager of the western department of Fireman's Fund, discussed the future for package policies. He reviewed a number of those in use today, and said he could foresee a continuous contract that would take care of just about all the family's needs.

Marketing research in selling methods was discussed by panelist Urban Lelli, secretary of Phoenix-Connecticut group. Making a survey of exposures is a proper way to improve selling methods, he said, explaining that a good survey would tell the agent and the insured what forms were needed and what to concentrate on. "If surveys of exposures had been made in the past, I wonder if our present problems would have existed today," Mr. Lelli said.

The afternoon session was opened by a National Bureau film on "Hurricane Audrey" and this was followed by M. W. Whitelaw, assistant general manager of Western Adjustment, who presented a forceful case for tighter claim adjustments, backing his arguments with statistics and case examples.

Mr. Whitelaw said 80% of all losses in number are for less than \$100 and are equal to up to 28% of the dollar amount paid, this coming to something like \$800 million in 1957. These small losses are not an unimportant part of the total to be left to the whim of a contractor, he pointed out.

An Erroneous Tradition

The tradition has grown up that agents can handle small losses, but this practice developed before the more complicated coverages came on the scene and before the public became as claim conscious as it is. The idea of telling the insured to "get it fixed and send me the bill" is not sound business, Mr. Whitelaw declared. It may make a big shot out of the agent, but he wondered what the public would think of companies that let a contractor do the adjusting. This is a luxury the insurance business cannot afford.

He urged the agents to exercise some control over loss adjustment practices, not to assign business on the basis of an adjuster who pays the most or to refuse to assign it to one who declines payment where there is no liability. This sort of thing demoralizes the adjusting forces and almost makes it mandatory that an adjuster overpay or pay when he should not in order to get his share of the business.

Porter Ellis of Dallas, member of the executive committee of National Assn. of Insurance Agents, advised agents to become conversant with the many problems facing the industry. "Let's get personal and analyze our business," he said.

Agents were advised to "get off their big, fat renewals" and go after life insurance business by Marshall B. Simms, director of multiple line development of Continental Assurance. "If you aren't writing life insurance, get on the bandwagon," he said.

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RESIDENTIAL MULTIPLE PERIL

A GENERAL AGENCY COMPANY

Texas Mutual Agents Meet In San Antonio; Attendance Hits 343

With 343 members registered, Texas Assn. of Mutual Insurance Agents met in San Antonio recently for their annual convention.

Elected officers for 1958-59 were J. H. Bankston, Victoria, president; Robert I. Goehrs, Houston, 1st vice-president; J. W. Roten, San Antonio, 2nd vice-president; Milton B. Broyles, Fort Worth, secretary; W. H. Pitts, Austin, treasurer; and Gus T. Brown Jr., Austin, executive secretary.

John D. Carter of Central Mutual was named "field man of the year" for having enlisted the most new members in 1957; Rayborn Johnson of Baytown received the "agent of the year" award from the 1852 club.

Speakers at the meeting included Commissioner Harrison, Don A. Squibb, manager Texas Automobile Insurance Service Office; W. S. McBirnie, San Antonio minister; Roy M. Brown, Houston; Milton B. Broyles, Fort Worth, association secretary; Jack Lacy, Amarillo chamber of commerce; and Horace Busby Jr., Business Research Bureau of Austin.

Austin will be the site of the 1959 mid-year convention, Feb. 26-28.

Louisville Office Of Reliance Is Enlarged

Reliance has enlarged its field office at Louisville with the addition of John W. James as manager, Joseph Bruce as claim manager and Harley Walker as underwriting superintendent. Jules S. Bowman for a number of years has been state agent for Reliance in Kentucky and continues in that position. The offices of Reliance have been moved to larger quarters at 506 Starks building.

Messrs. James, Bruce and Walker have been with Security of New Haven in Louisville.

Lampe Is Pa. State Agent

Atlantic Mutual has promoted William L. Lampe from special agent to state agent in Pennsylvania.

He began in the local agency business at Harrisburg, and joined the company in 1948. Subsequently he spent three years in the production department at the home office, and for the past five years he has been at Philadelphia as special agent for central Pennsylvania.

Butler In Md., D. C. Field

Aetna Fire has appointed Walter M. Butler special agent in Maryland and the District of Columbia with headquarters at Baltimore.

He has been in the business since 1945 in field work and in the local agency business in Virginia—at Covington and then at Harrisburg. He was special agent at Baltimore for Employers Liability prior to his new appointment.

So. Cal. Buyers Told Of Legal Side

Southern California chapter American Society of Insurance Management at its October meeting heard Gordon H. Snow, vice-president and general counsel Pacific Indemnity, speak on "Legal Aspects of Insurance." At the meeting William E. Reimer of Carnation Co., association president, announced that the following companies have joined the group: Sparkletts Drinking Water Co., Rhor Aircraft Co., and Owl Enterprises.

Medical Cost Controls Outlined At Meeting Of Illinois A&S Forum

Steps by which insurers can control medical and hospital costs were outlined by Dr. Clement Martin of Continental Assurance at the October meeting of Illinois A&S Underwriters' Forum in Chicago.

Dr. Martin said American Medical Assn. is sympathetic to the problems of insurance companies, but hospitals are not always. However, he said that attitudes of hospitals are changing.

When a doctor presents an exorbitant bill, the company should protest to the grievance committee of the local medical society, he advised. If the state committee won't do anything about it, the matter should be taken up with AMA. The best results can be obtained when companies make a joint appeal to the grievance committee, rather than if they make individual complaints.

Discussing the relative value schedule initiated in California, Dr. Martin said it was thought that AMA will soon come out with its own relative value schedule. To cut current costs, he recommended using the California schedule.

Recommends California Schedule

One method by which hospitals inflate bills is by a steep charge for drugs. The cost for a nurse dispensing drugs is fallacious, he charged, explaining that it doesn't cost the hospital any more to have a nurse administer the drug than to have her park behind her desk. Many drugs are administered too frequently, he said, but he admitted he didn't know how this frequency could be trimmed.

Inflated laboratory charges add to high hospital costs, and the sickest people are the ones who use laboratories most. "The person having more than one test should have a sliding scale," Dr. Martin declared. He also termed X-ray charges as being "uniformly inflated."

When a company is charged a bill that is out-of-line and has recourse to a decent grievance committee, Dr. Martin advised that it pay the bill and then ask the committee for a refund. "I think you have a better chance when you have paid the money, than when you are trying to keep from paying," he opined.



Don't give FIRE a place to start!

● The best time to fight fire is before it occurs—*don't give it a place to start!* When outside workmen are brought into a property to do installation or repair jobs there is the risk that needed precautions against fire hazards will not be taken. The loss record bears this out.

Close supervision of these workmen is highly important, particularly where combustible materials or flammables make the use of torches and open-flame devices extremely hazardous. Smoking in danger areas and tampering with fuses or electrical circuits present obvious hazards.

A supervisor should inspect the site of repair jobs before work is begun, and—without fail—at the end of each day. He should inform workmen of any hazardous conditions present and specify safety measures to be taken.

Many costly fires could be headed off by close supervision of maintenance and repair jobs. Good fire prevention practice is to recognize the severe hazard that these operations introduce into what may be a relatively fire-safe property; *then to take the necessary steps that will reduce this hazard and limit the extent of possible fire damage.*

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Agent Held in \$60,000 Bilk Of Auto Insurers

Charles Caputo, president of Local Credit & Protection Co., Fort Edward, N. Y., agency, was named in 12 indictments as a member of a ring that allegedly bilked automobile insurers of \$70,000, \$60,000 through fake accident reports. His brother, Henry, who is with him in the automobile dealer business, was also named, as were three others in the family.

Joseph V. Riley of Glens Falls, an

adjuster, was charged with grand larceny, conspiracy and filing of false claims and with other counts. Two former policemen were among 22 persons seized in the case and released on bail for trial in December.

New Amsterdam Casualty has consolidated its fidelity and surety bond underwriting at the home office under the supervision of Vice-President J. Fred Eierman. He has been with the company since 1915, and a vice-president since 1944.

Three Regional Meets Set For N.Y. Agents

New York State Assn. of Insurance Agents is holding regional meetings at Olean Oct. 20, at Batavia Oct. 21, and at Auburn Oct. 22. The first two meetings will begin at 2 p.m., and the Auburn meeting at 1:30 p.m. Dinner in each case will be at 6:30 p.m.

The afternoon programs at the three sessions are identical. Speakers are Edward J. Earle, counsel of National Bureau, on statutory protection against

the uninsured motorist; Edward C. Johnson, superintendent of the farm and hall department of America-FORE Loyalty group, on farm underwriting in New York state; Lawrence F. Smith, director of education of NAIA, on the 1958 agency cost survey, and Richard H. Barrell, chief damages evaluator of the motor vehicle bureau, on the financial security problem.

Herbert S. Brewer of Lockport, president of the association, will be the main evening speaker at all meetings, with George J. Schepens, manager of the automobile assigned risk plan, also on the evening program at Batavia and Auburn.

Lane Is Comptroller In East For Kemper Group

Norman S. Lane has been appointed comptroller of the eastern department of Kemper companies. He joined the Kemper organization in 1949 and has been budget purchasing supervisor at Philadelphia and head of the data processing department at Summit, N. J.

NFPA Publishes Fire Codes

The new and revised edition of National Fire Codes has been published by National Fire Protection Assn. The six-volume edition is a compilation of the 170 standards developed by NFPA in the fields of flammable liquids and gases, combustible solids, dusts, chemicals and explosives building construction and equipment, extinguishing equipment, electrical, transportation and miscellaneous operations.

The 1958 edition includes 38 new or revised fire safety standards and incorporates all amendments approved by NFPA up to July 30. It is available from NFPA, 60 Batterymarch street, Boston, at \$7 a copy.

Drivotrainer Used On TV

The Drivotrainer, a device for classroom driver training developed by Aetna Casualty, was used on the NBC television show, Truth or Consequences, to dramatize the consequence of inattentive driving. This was the sixth time the Drivotrainer has been used on a major television program.

Brooklyn Brokers Elect

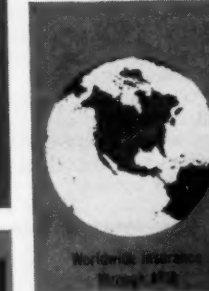
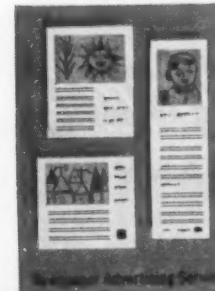
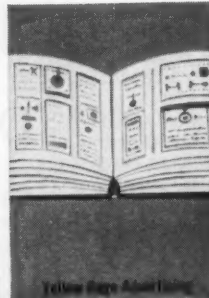
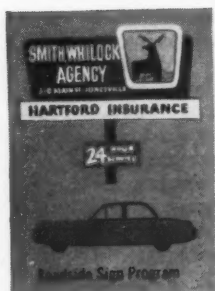
Brooklyn Insurance Brokers Assn. has elected Peter A. Locke, president; Alfred J. Rosse, Abraham Punia and Attilio P. Gerardi, vice-presidents; Louis J. Maresca, secretary; David H. Krasnoff, treasurer; Nicholas V. Sichenze, financial secretary, and Leo Feldman, sergeant at arms. Frank L. Schiraldi, the outgoing president, became chairman.

To Write House Trailers In West

National Home Underwriters of Sacramento, Cal., specialist in trailer home coverage, has been appointed general agent for that business by Premier Ins. Co., auto specialty company controlled by Transamerica Corp. The appointment is for California, Arizona, Nevada, Oregon, and Washington. National Home Underwriters has been writing trailer insurance for the past four years, and is now entering other states.

A. E. Hartenstein has sold his 25-year old Ohio agency to the John E. Bay agency of Alliance, O. He will continue with the company as solicitor.

Question:
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agents these 16 extras?



...plus this world famous symbol
of dependable protection



Answer:

HARTFORD
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GROUP

See Big Turnout At N.Y. Regional Meet

More than 1,000 agents and guests are expected to attend the downstate meeting of New York State Assn. of Insurance Agents, jointly sponsored by Suburban New York Association at Garden City, Oct. 28.

The morning session will feature a panel on viewpoints on insurance. Participants are Nicholas Dekker, executive vice-president of America Fore Loyalty group, on the company view; John McCormack, vice-president of Royal-Globe, on the loss view; Thomas Glavey, vice-president of Chase Manhattan bank, on the buyer's view, and John N. Walsh Jr., Buffalo agent, on the agent's view. The moderator will be Einar Johnson of Staten Island, president of the suburban association.

Justice Rabin To Speak

The luncheon speaker will be Justice Samuel Rabin of the state supreme court, former chairman of the insurance committee of the state assembly, who will talk on the judicial viewpoint.

The afternoon moderator will be George A. Kramer Jr., of Williston Park, regional vice-president of the state association. J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, will speak on liability insurance problems. William J. Ahearn, vice-president of Great American, will discuss the new New York Motor Vehicle Accident Indemnification Corp., which was set up to plug the gaps in the compulsory law. Mr. Ahearn is a director of the new corporation.

Herbert S. Brewer of Lockport,

president of the state association, will discuss his group's activities, and Albert E. Mezey, president of Hoey, Ellison, Frost & Mezey, and a member of the executive committee of the state association, will analyze problems in the package insurance field. Joseph A. Neumann of Jamaica, chairman of NAIA advertising committee and a past president of both NAIA and the state association, will outline the 1959 national advertising program. Arthur L. Schwab of Staten Island, chairman of the legislative committee, will discuss legislative viewpoints. Superintendent Wikler will present the insurance department viewpoint. Cocktails and dinner will conclude the meeting.

Security-Conn. Appoints Ormerod A&S Director

Security-Connecticut has appointed Milton E. Ormerod director of its A&S division. He will be in charge of a program which, when fully developed, will offer a complete line of A&S coverages. At present a commercial package, consisting of various A&S plans, accident only, and applicable riders, has been filed in 43 states and approved in 30.

Seek Stop-Gap Rules In Ala. Before New Code

Gov. Folsom and Superintendent Horn of Alabama are preparing to issue executive orders with stopgap measures until the new insurance code is adopted by the next legislature.

The temporary measures prohibit the sale of stock in an insurance company as a promotion scheme and

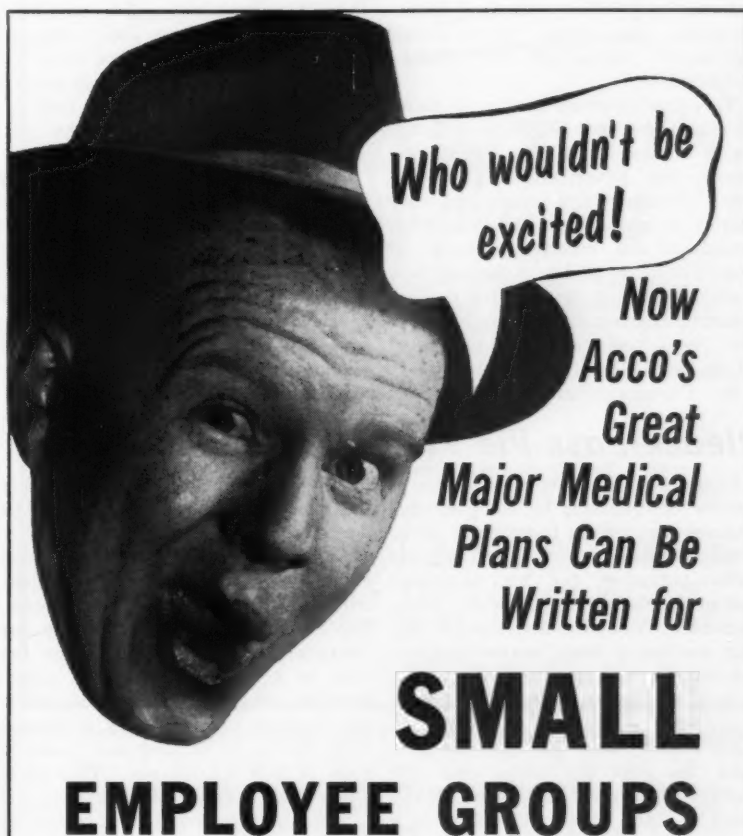
inducement to company representatives in the sale of policies. The measures also stipulate a preorganization procedure for a new company by requiring a complete disclosure to the insurance department of its stock ownership, its proposed management, personal history of organizers and operators, and a complete outline of proposed operating methods.

Broad and rigid new regulations for surplus line and non-admitted insurers are contemplated. All adjusters must register with the department.

Corroon Is V-P Of Corroon & Reynolds

John A. Corroon has been elected vice-president of Corroon & Reynolds group companies. Mr. Corroon, who is also a director, joined the group in 1946. He is the son of the late Richard A. Corroon, founder of C. & R.

All American Life & Casualty of Chicago has been licensed in Alabama and now is entered in 30 states.



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Editorial Comment

Let's Not Put Our Heads Together

Meetings can become a form of mental dope, and a brainstorming session is the worst kind of meeting. It rewards the talkers, not the thinkers. It pays off for fast thinking, not clear thinking. Brainstorming can breed brainwashing because it eliminates analytical criticism. Brainstorming can breed brain drying because it encourages the shallow rooted ideas.

This blast at group skull sessions for idea hatching, popular now in many fields, comes from an unexpected source—the advertising business, where brainstorming originated. The blaster is Anthony C. Chevins, vice-president and creative director of Cunningham & Walsh, a leading New York advertising agency. He derided impromptu group thinking in a talk to the New York alumni chapter of Alpha Delta Sigma.

Mr. Chevins sounds a rallying cry

for lone thinkers: "I urge all of you to become with me, members of Brainstormers Anonymous to topple this false god of ideation—this Pied Piper of undisciplined thought."

Lone thinking has paid off since the beginning of recorded time, and the really great ideas have come from men working alone, Mr. Chevins contends. He thinks we are becoming a nation of joiners and leaners instead of thinkers and doers, and he calls for independent thought and ideas born in the solitude of a single brain.

He may be right or wrong. Probably the truth lies somewhere in between the extremes of "group think" and "lone think," as it does in most matters. Nevertheless, Mr. Chevins has identified a choice subject for consideration in the insurance business. Come to think of it, though, that would call for another committee meeting.—J.N.C.

Please Pass Pie Plates Promptly

In the same mail with a number of gloomy observations by company executives and agents there came to us a cheery message in the Bartlettgram News—published for his customers and prospects by Tom Bartlett, North Baltimore, O., agent. Mr. Bartlett has just recovered from major surgery, but even in that condition he is more optimistic than his healthier colleagues in the business.

He reports that one day he feels good, the next day lousy, and still another day, "good and lousy." However, he notes, "I am alive, leading a quiet, simple life, finding that I ain't in no hurry, trying not to get excited over anything that may happen. I am thankful that I am able to take care of my business in good shape with the help of my Gal Friday."

Mr. Bartlett features recipes in his publication, and he had made plans this year to tempt his customers with a lot of recommendations for tasty dishes, until major surgery knocked him for a loop. Even so, his secretary told him that he was talking about a "Wrap Around Pudding," while he was

in the hospital. He can't remember the incident; perhaps it was while he was coming out of the ether.

At any rate, Mr. Bartlett is back on his feet now and his fortunate clientele are again receiving their recipes. The best one in his latest issue is for "Funeral Pie" which he got from the wife of a client. This recipe comes from the old Pennsylvania Dutch folks, Mr. Bartlett reports. After a funeral they like to sit around and consume bogs of this special pie. "This sorta quiets their nerves," Mr. Bartlett says.

We are not giving the recipe in detail here. Anyone in the business who is interested can get it from Mr. Bartlett. Even a casual contact with a man of his outlook should benefit executives and agents. Maybe some of his optimism would rub off. In any event, they would get the recipe for the "Funeral Pie" which cheers, and, even without a prior tasting, we recommend that the ingredients be shoved into a hot oven and that all hands get ready for a pie eating contest to see who can get cheerful first.—J. N. C.

National Presbyterian Church, Washington, D. C., Oct. 18. Mr. Moses, the dean of state secretaries, is now in his 31st year with Pennsylvania association.

Personals

R. R. Hayes, general manager in the western department of Crum & Forster, has been elected a director of Illinois Chamber of Commerce for a two-year term.

Levering Cartwright, partner in the Chicago securities firm of Cartwright, Valleau & Co., addressed a luncheon meeting of the Kankakee (Ill.) Exchange Club Wednesday on insurance stocks.

New York Superintendent Julius S. Wikler will be honored by the Home of the Sons and Daughters of Israel at a dinner at the Waldorf-Astoria Nov. 2.

Frank D. Moses, secretary-manager of Pennsylvania Assn. of Insurance Agents, was married to Miss Edna A. Hanna of Clay Center, Kan., at the

MRS. TASSA B. MCCARROLL, 78, who for many years operated the McCarrall agency at Owensboro, Ky., after the death of her husband, died.

DEAN ARCHEY, 58, well known Seattle broker, died after an illness of several months. He had operated the Dean Archey Co. since 1930.

CLIFFORD C. THOMAS, 58, vice-president, secretary and director of Johnson & Higgins, New York, died at Roosevelt Hospital there.

WILFORD A. PEARSE, 72, vice-president of Hopkinson-Burridge-

Pearse Co. agency of Cleveland, died of a heart attack. He had been vice-president of the agency for more than 50 years.

MARVIN H. SPARGER SR., 79, agent of Mount Airy, N. C., died at the Dobson Convalescent hospital there.

HARRISON DODDS, retired president of Michigan Mutual Windstorm of Hastings, died at Tampa, Fla., of a heart attack. He retired from the company at the beginning of 1937.

ELMER R. PHILLIPS, 66, who operated the Phillips agency at Grand Rapids from 1936 until his retirement last January, died there.

THOMAS S. RIGGS, 52, a partner in the Hammack & Riggs agency of Morgantown, Ky., died.

Illinois Blue Goose Opens Fall Season

The fall season of the Illinois pond of Blue Goose was opened with an initiation and dinner this week in Chicago.

James D. Streich, St. Paul F.&M., most loyal gander, presided at the business meeting and the dinner. The pond added 10 goslings to its flock, the obligation being delivered by Arthur Corey of Travelers and the charge by Donald Campbell of America Fore.

Attendance was in the neighborhood of 50, disappointing in view of the fact that the meeting was held while Illinois Assn. of Insurance Agents had an open evening in a nearby hotel. It had been hoped that many more of the members would break away from the agents' festivities.

Mr. Streich announced that the Chicago puddle and the Cook County Fire Underwriters Assn. will jointly sponsor a dinner dance Dec. 6 at the Caldwell American Legion Post at Peterson and Cicero avenues. This will be an informal affair and will mark the resumption of these dances which have been off the agenda for five or six years.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, October 21, 1938

	Bid	Asked
Aetna Casualty	148	152
Aetna Fire	71	73
Aetna Life	202	206
Agricultural	32	33½
American Equitable	35½	37
American (N. J.)	26¾	27½
American Motorists	14	Bid
American Surety	17¾	18¾
Boston	31¼	32¼
Camden Fire	32¼	34
Continental Casualty	98	100
Crum & Forster com.	63	65
Federal	50½	52
Fireman's Fund	50	52½
General Reinsurance	63½	65½
Glens Falls	34	35
Globe & Republic	19½	21½
Great American Fire	43	44
Hartford Fire	182	186
Hanover Fire	40	41½
Home (N. Y.)	46¼	47¼
Ins. Co. of No. America	107	109
Maryland Casualty	37	38
Mass. Bonding	36¾	37¾
National Fire	96	Bid
National Union	40½	41½
New Amsterdam Cas.	44	45
New Hampshire	41	43
North River	37	38
Ohio Casualty	23	24
Phoenix Conn.	69	70
Prov. Wash.	14½	15½
Reinsurance Corp. of N. Y.	16	17
Reliance	44	45½
St. Paul F. & M.	50½	52
Springfield F. & M.	32½	33½
Standard Accident	48½	50
Travelers	87½	90
U.S.F. & G.	69½	71
U. S. Fire	26½	27½

The NATIONAL UNDERWRITER



The National
Weekly Newspaper of
Fire and Casualty Insurance

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William H. Faltyssek, William H. Faricy and
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CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3398. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—309 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

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Ocasek Heads WAB Fire Prevention Unit; Succeeds R. E. Vernor

Thomas J. Ocasek has been appointed manager of the Fire Prevention Department of Western Actuarial Bureau to succeed the late Richard E. Vernor.



T. J. Ocasek

Mr. Ocasek began his insurance career in 1923 with Underwriters Service Assn. He served in the Ohio field about 15 years for USA and became assistant manager in 1947. During World War II, he held a state command post under Gov. Bricker for the training of industrial plant fire brigades and anti-sabotage protection.

Entering the brokerage field in 1948, he became chief engineer and later vice-president of Rollins Burdick Hunter Co. of Chicago. He is a past president of Chicago chapter of Society of Fire Protection Engineers and of Chicago Buckeye Club.

The Fire Prevention Department of WAB was established in 1922, and has served to help direct and guide the fire prevention activities sponsored by the stock fire companies in the 18 mid-western states. The department serves particularly as a clearing house for the state fire prevention associations composed of company field men in each state, who conduct the town inspection program which originated in the midwest and has since spread to all other sections of the country. Under Mr. Vernor's direction its activities were broadened to include leadership in fire department training, the promotion of state and regional fire schools and development of the Fire Department Instructors Conference held annually at Memphis and co-sponsored by the Memphis fire department.

Mr. Ocasek will assume his duties Nov. 1 and will be assisted by Emmett T. Cox, senior field officer; Harry H. Wolff, field officer, and Mary E. Tridle, secretary.

Umatilla County, Ore., Insurance Agents Assn. has elected Sprague H. Carter Jr. president; N. D. Bard, 1st vice-president; Donald Hanson, 2nd vice-president, and Raymond Gilham, secretary-treasurer.

Tells Broader Role Of U.S. Insurers In Marine Market

Clifford G. Cornwell of American Institute of Marine Underwriters told the Propeller Club's annual convention in San Francisco that shipowners can get their best buy in hull insurance from American underwriters.

American marine insurance offers the maritime industry the plus values of being backed by American resources; it is payable in dollars, and it is not subject to control by any foreign government, he said.

Mr. Cornwell, who is chairman of American Hull Insurance Syndicate, pointed out to the representatives of all branches of the maritime industry attending the convention that today the American hull market is a capacity market able to cover all the insurance needs of most American shipowners. He said that only a few of the highest valued passenger and super-tank vessels required greater capacity.

He said that hull insurance represents in many instances less than 5% of all operating costs to the ship operator including depreciation and interest. The American market, comprising syndicate companies and other companies doing a hull business independent of the syndicate, has become an important factor in the world market. Judging by the syndicate's participation in coverage of foreign fleets, he said, the volume of premiums written on such fleets now approaches 25% of the total volume of ocean hull premiums written in the U. S.

One of many examples of the growing importance of the American market as an international facility, he said, is its coverage of a 20% interest of the hull insurance on the Cunard Steamship Line fleet headed by the liners Queen Mary and Queen Elizabeth.

Barnes To Atlantic Mutual

John B. Barnes has joined Atlantic Mutual as a special agent in Minneapolis. He was formerly special agent for North America there. He will report to C. H. Broshar, manager of the Minneapolis office.

Badger Mutual Names Twelker

Badger Mutual has appointed Donald Twelker regional manager of the Tennessee territory. He has previous field experience and has worked in life insurance for eight years.

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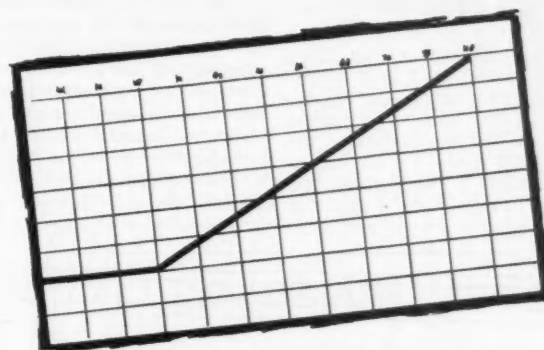
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Chicago A&H Assn. Starts Fall Season

Chicago A&H Assn. at its opening fall luncheon meeting at the Union League Club heard W. Harold Petersen, superintendent of agents, American United Life, give a dynamic, emotional talk on the meaning and function of A&H cover. He accompanied his talk with a sound slide film furnished by DITC, which is available to various insurance groups and indi-

viduals to help put over the story to the public of what A&H is and does. The meeting had a record attendance of about 100 and was conducted by Jack Olsen of Combined of Chicago, president of the association. Daniel X. Marlowe, of Provident L&A. and the association's membership committee chairman, discussed the forthcoming membership drive, an "opener" being a free lunch at the next monthly meeting for each member who brings in a new dues paying member.

Casualty Company, Agent Leaders Meet

(CONTINUED FROM PAGE 1)

president. Also attending were Sam N. Beery of Colorado, George A. Bisson of Rhode Island, Joseph S. Gerber of Illinois, F. Britton McConnell of California, Joseph A. Navarre of Michigan, T. Nelson Parker of Virginia, and C. Judson Pearson of West Virginia. They were introduced at the joint business session by J. Dewey Dorsett, general

manager of Assn. of Casualty & Surety Companies.

In its brief business session, National Assn. of Casualty & Surety Executives advanced B. H. Mercer of Fidelity & Deposit to president succeeding Robert Z. Alexander of American. W. C. Jansen of Hartford Accident was elected vice-president, and Nathan Mobley of Federal went into line as chairman of the executive committee. Newly elected to the executive committee was William Pullen of U.S.F.&G.

National Assn. of Casualty & Surety Agents advanced C. W. Olson of Chicago to president succeeding Benjamin H. Paddock of Detroit. Mr. Paddock was elected chairman in a re-creation of this office. Walter M. Sheldon of Chicago is the new vice-president of the agents' association, and Chase Ridgely of Baltimore was reelected secretary-treasurer. C. F. J. Harrington of Boston is the executive vice-president and is in charge of the headquarters office.

New Board Directors

Newly elected to the board of directors were Frank Tormoen of Kansas City, E. R. Ledbetter Jr. of Oklahoma City, E. Stuart Windsor of Baltimore, Walter Schilling of Washington, E. W. Cochran of Hagerstown, Md., Ernest Cantrell of Atlanta, and Thomas J. McCaffrey of Albuquerque.

The business session got under way Monday with the joint meeting at which presidents of the company and agent groups gave their addresses. They were published last week. Walter Sheldon reported from the U. S. Chamber of Commerce meeting on government encroachment into the insurance business, remarking that self insurance on the part of the federal government is getting into questionable lines. Not much can be done about the decision not to purchase insurance when the property involved is wholly owned by the government, but on non-owned property the companies and agents wonder whether it is proper, he said. The latest case is the Department of Defense decision to self insure post exchanges and clubs on military reservations. Nothing has been able to alter this decision so far, but Mr. Sheldon said the battle is not over.

Discusses Today's Problems

In his report as executive vice-president of the agents' association, Mr. Harrington remarked that the magnitude of problems current today is greater than ever. He gave a resume of a number of developments, and said there has been worked out between NACSA and the NAIA an informal liaison to trade information or to work hand in hand on common problems, particularly at the NAIC meeting.

On Tuesday morning, there were separate business meetings and elections of the organizations, and on Wednesday morning, a business session winding up with some informal discussions. This was the session at which W. C. Jansen offered the proposal for a research institute for the casualty business.

The agents adopted three resolutions, one calling for the setting up of a committee to meet with president Robert Z. Alexander of American to discuss matters brought up in his address at the opening session; another setting up a committee to study the

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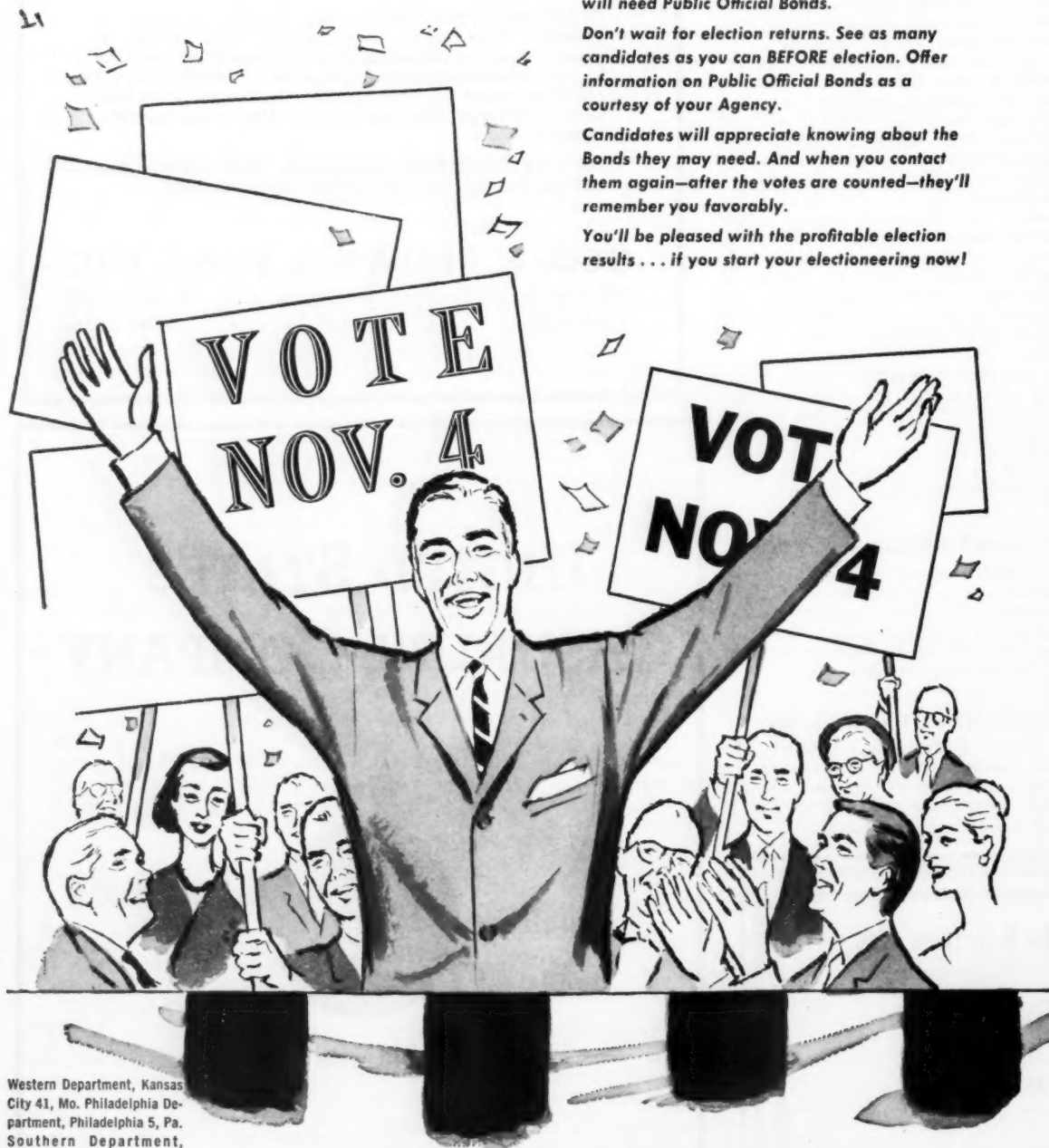
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A MULTIPLE LINE GROUP

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY LIMITED • THE PENNSYLVANIA FIRE INSURANCE CO. • THE COMMONWEALTH INSURANCE CO. OF NEW YORK THE MERCANTILE INSURANCE CO. OF AMERICA, administrative office: 150 William St., N. Y. 38, N. Y. • THE OCEAN MARINE INSURANCE CO. LIMITED, administrative office: 111 John St., N. Y. 38, N. Y. • CENTRAL SURETY AND INSURANCE CORP., home office: 1737 McGee St., Kansas City 41, Mo.



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Allen M. Mills of Camden Fire, Mrs. Mills, Mrs. E. P. Simon and E. P. Simon of Chicago at the joint casualty meetings.



all-industry majority report on multiple line underwriting. A motion was adopted to have a meeting with American Insurance Assn. to see what can be done about government encroachment into the realm of insurance via government self insurance, and another motion was approved for a group from the NACSA to meet with American Insurance Assn. on the exclusion of nuclear damage claims from property and liability policies.

The final resolution called for a vote of thanks to the outgoing president, Benjamin H. Paddock of Detroit.

On an equal plane with the business sessions are the various sporting activities—golf, putting and horseshoe pitching. The big golf prize is the Earls Trophy, and that was won this year by Robert K. Cope of Milwaukee. Winners of prizes for low net were Robert K. Cope, George Blossom Jr. of Chicago, E. R. Ledbetter Sr. of Oklahoma City, H. R. Heneage of Peerless, W. H. Wallace of Hartford Accident, Frank McGlaughon of Kingsport, Tenn., James Burr of Grand Rapids, John C. Griswold of New York, John Conklin Sr. of Hackensack, N. J., J. J. Kinealy of St. Louis, William Ridgeway Jr. of Crum & Forster, Victor Blakely of Topeka, W. H. Crichton of Seaboard Surety, and Harry Williams of Hartford Accident.

Winners of the men's putting tournament were C. W. Olson Jr. of Chicago, F. M. Douglass of Royal Exchange, and Frank McCullough of Continental Casualty. Low gross prizes went to Robert N. Bowen of Indiana-

polis, Robert E. Wallace of Federal, J. R. McEldowney of Oklahoma City. Guest low net prize was won by Robert W. Lawson Jr. of Charleston, S. C.

The horseshoe pitching contest was won by T. A. Long of London Assurance and Ernest Cantrell of Atlanta, the runners up being Holton R. Price Jr. of St. Louis and J. C. Burrige of THE NATIONAL UNDERWRITER.

In the women's golf tournament, low gross was won by Mrs. Morris Moughon of Nashville, and low net winners were Mrs. Frank McGlaughon of Kingsport, Tenn., Mrs. Leo Ackerman of Miami, Mrs. R. L. Braddock (General Re), Mrs. R. R. Lemcke (Seaboard Surety), Mrs. J. J. Wornall (Employers Re), and Mrs. Jack Conklin Jr. of Hackensack, N. J.

Mrs. J. B. McKee of Nashville and Mrs. V. D. Blakely of Topeka won the prizes in the women's putting contest.

Palm Stewart, Smith Director

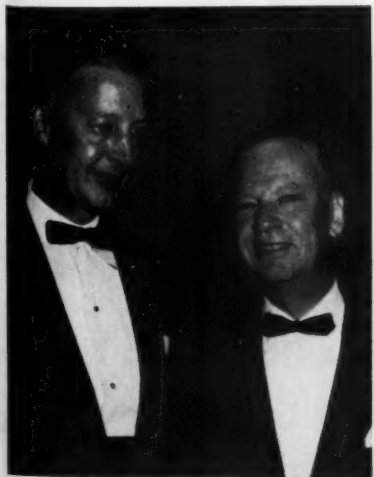


Frederick A. Palm

in 1951 and was named secretary in 1956.

Young Joins Aetna Fire

Norman S. Young joined the Detroit staff of Aetna Fire as special agent. He has been for several years in the Michigan field with Springfield F.&M.



Frank Tormoen of Kansas City, one of the directors of National Assn. of Casualty & Surety Agents, at the joint casualty meeting with Thomas R. Dew of Federal, one of the most notable of the alumni of Virginia Military Institute.

the Battle Creek Companies

Southwest Information Service Elects Austin

Austin Allen, Texas Employers' Insurance Association, has been elected president of Southwestern Insurance Information Service at the annual meeting in Dallas.

Other officers and directors are James F. Devereux, Anchor Casualty, 1st vice-president; George Wightman, Gulf, 2nd vice-president; Ralph Heard, Tri-State Ins. Co., 3d vice-president; and Kenneth Gordon, Merrimack Mutual Fire, secretary-treasurer. Directors elected to three-years terms were: Donald Cameron, Liberty Mutual; J. Michael Riley, Transport Ins. Co.; Charles Yancey, Southwestern F.&C., and Joe Metschan, Farmers Exchange.

The Chicago office of the Byrned-McCaffrey agency in the Board of Trade building has been enlarged.

Uphold Va. Agents In Appeals On Auto Rates

Virginia Supreme Court of Appeals has upheld the right of Virginia Assn. of Insurance Agents to appeal two decisions by the state corporation commission on automobile liability and physical damage rates. The appeals concern the decrease from 25% to 20% in the acquisition cost factor in the rating formula.

The attorney general's office had filed motions to dismiss the association's petitions. The case will now be scheduled for argument and the filing of briefs.

New York Board Elects

New York Board has elected Harry J. Landen, vice-president of Springfield F.&M., chairman, and Harry W. Miller, U. S. manager of Commercial Union, vice-chairman.

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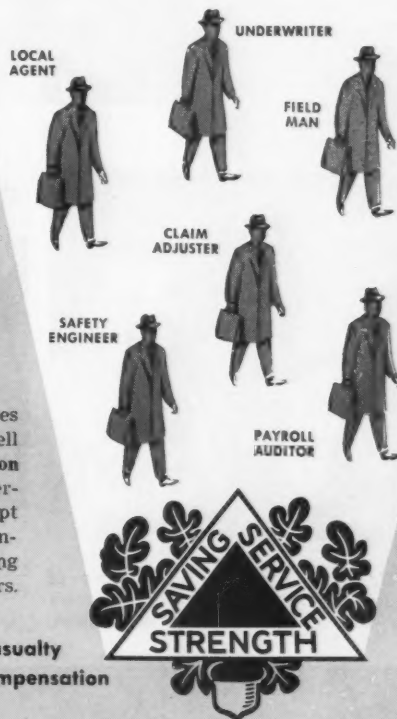
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Photos Of Joint Casualty Meeting

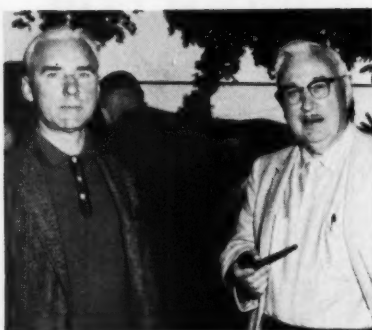
Mrs. Ernest Cantrell of Atlanta, head scorekeeper at the horseshoe pitching tournament during the White Sulphur meeting, has her results reviewed by Holton Price Jr. of St. Louis and Robert T. Schaller of Continental Casualty. Mrs. Cantrell's husband was on the winning team and Mr. Price was captain of the 2nd place team.



On hand for the cocktail party preceding the banquet at the joint casualty meeting in White Sulphur: From the left, E. G. Trimble of Employers Reinsurance, Mrs. Trimble, E. L. Mulvehill of American Reinsurance, Mrs. Walter Hays and Walter Hays of American Fire & Casualty of Orlando.



Mr. and Mrs. James B. Burr of Grand Rapids at the cocktail party during the White Sulphur convention.



Robert S. Schaller of Continental Casualty with L. K. Kirk of Standard Accident at the casualty meeting.

Attending the cocktail party during the casualty meetings: From the left, Mrs. E. C. Knapp, whose husband is with Aetna Casualty; Mrs. Guy T. Warfield of Baltimore and Guy T. Warfield. Mr. Warfield is a past president of National Assn. of Insurance Agents.



Commissioners Sam Beery of Colorado and Paul Hammel of Nevada with Warren Gaffney of Surety Assn. and Gerald L. Butts of Charleston, W. Va., at the casualty meetings in White Sulphur Springs.



Mr. and Mrs. Holton R. Price Jr. of St. Louis at the casualty meeting last week in White Sulphur Springs.



Two of the visiting commissioners at the casualty meetings last week in White Sulphur Springs, W. Va.—George Bisson of Rhode Island and Paul Hammel of Nevada. Mr. Hammel is vice-president of National Assn. of Insurance Commissioners.

Mrs. E. W. Cochran, left, of Hagerstown, Md., with Mr. and Mrs. Victor D. Blakely of Topeka at the meeting of the casualty agents and company executives last week in White Sulphur Springs.



J. J. Kinealy of St. Louis, visiting at the joint convention cocktail party with Mrs. A. J. Carey and Alan J. Carey of Chicago.



Carter Elected At WUA Meeting In West Va.

(CONTINUED FROM PAGE 4)

for such numerous problems is growth. For instance, in 1937 fire premiums for stock companies totaled \$473 million. Ten years later this figure doubled and last year it reached \$1,350 million. This required the companies to enlarge their facilities hurriedly and tremendously.

The report pointed out that there have been many disagreeable by-products of this rapid expansion. The companies have pinned agents to their offices with detail work, so they are not entirely to blame for failure to do an aggressive soliciting job.

Further, this is hardly the time to encourage an endless parade of form changes. "Is this progress, or have we gone gimmick-crazy?" asked Mr. Winter. "Shouldn't we suggest a halt so we can catch our breath and become reasonably acquainted with the coverage we are offering? After all, the basic ocean marine policy has remained unchanged for 300 years."

Reports On Free Insurance

Among the items in the report released for publication was that of free insurance. It is expected that rules will be adopted throughout WUA territory placing tight restrictions on the use of binders.

The 18 agents' associations in the territory were praised and field men encouraged to urge eligible agents to affiliate with their respective groups.

The report mentioned the practice in one state of writing unprotected dwelling risks at protected rates had become increasingly prevalent. Through the cooperation of the inspection bureau, dwelling daily reports bearing protected rates are now being criticized whenever there is reason to believe the property is not located in protected areas. Further, the insurance department issued a bulletin to all companies and agents to the effect that the use of improper rates on unprotected dwellings would subject both the agent and the company to penalties. These measures have been successful in drastically curtailing this practice.

Tells Of Scholarship Program

The WUA work and learn scholarship program has completed nine years of successful operation. Unfortunately, however, too many of the young men interested in the scholarships to not prepare themselves properly in high school. Consequently, less than 10% of the applicants in any year are eligible for admission to Illinois Tech. Presently, however, there are approximately 25 younger field men traveling WUA territory who are products of this program.

In commenting on the introduction of the "buy-back" into seven WUA states, Mr. Winter said the superiority of this plan over the rate differential

method is obvious in that it shifts the cost in greater degree to the small policies where the expense and loss are proportionately higher. Further, agents are selling the deductible, which they were not doing formerly.

A year ago, with the approval of the governing committee, the property insurance personnel council was organized in Chicago. This is a group of the personnel managers of the company and organization offices. It has filled a valuable need.

Praises Gerber On Commingling

Commenting on the state of agency balances, the report complimented Illinois Director Gerber for his directive of October, 1957, announcing enforcement of the commingling statute.

Miles C. Formo of Great American presented the report of the public relations committee.

"The hearings by a sub-committee of the U. S. Senate and the resultant publicity, the need for rate increases on unprofitable lines, tightening underwriting requirements on certain classes, intensified sniping at preferred accounts by deviating companies—these are signs of the times, demonstrating the increased importance of cultivating favorable opinion with the public and expanding educational efforts among our employes and agents," he said.

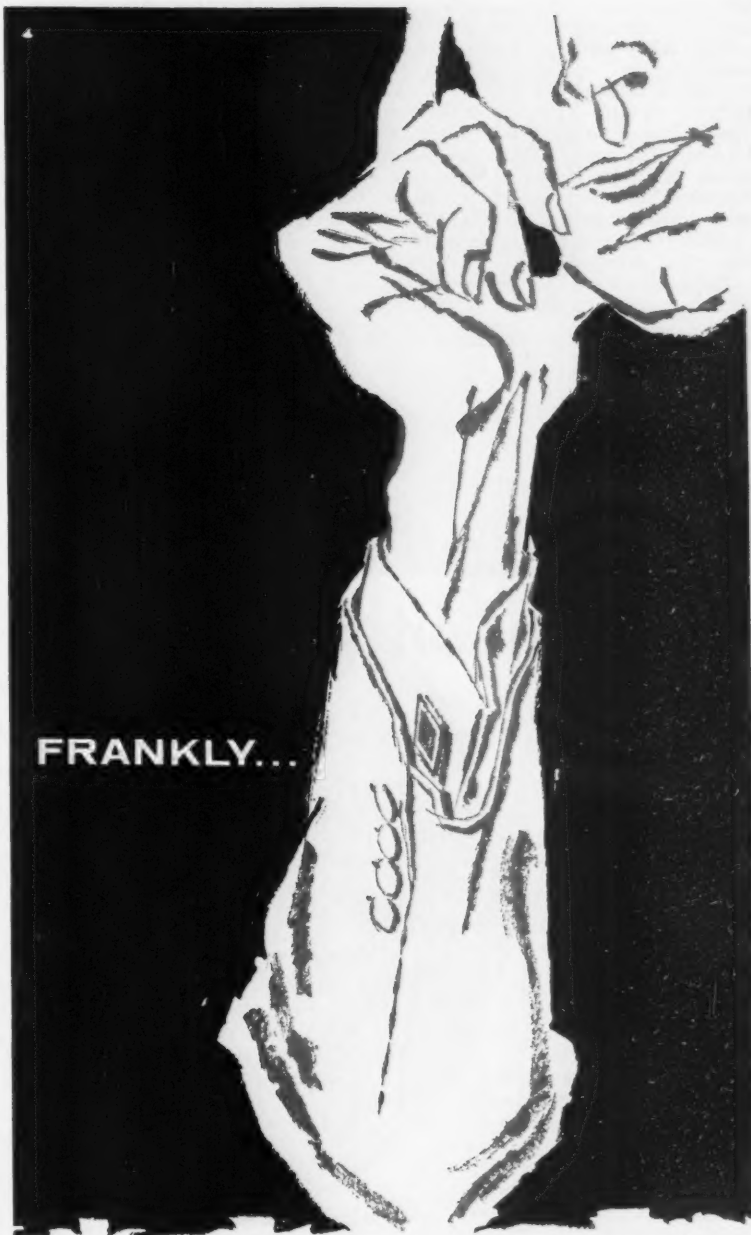
However, he disputed the occasional "bursts of oratory by uninformed persons from convention platforms" to the effect that insurance public relations are at a low ebb. In the committee's opinion, tremendous strides forward have been made during the past decade.

Show Popular Sales Films

He mentioned the sales training films which the committee had purchased during the year and the enthusiastic reception they recorded by field men and producers. Several of the films were shown during the meeting.

The report complimented the National Board for its four pamphlets for public consumption dealing with such subjects as under-insurance and the services of the local agent. Of the WUA publications, "What's The Difference" continues to be the most popular. It is used continuously by agents in competition as well as by member companies for internal educational purposes.

Mr. Formo told about the work done by the staff when the "buy-back" wind and hail deductible was introduced in the various states. Conferences were held with officers of the agents' and field associations and press releases were prepared to inform the agents of the new program. The committee believed this preparation



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was responsible for the smooth manner in which this innovation was accepted.

The WUA field associations were applauded as "efficient vehicles for the public relations program." During the year, field men gave 1,072 talks on fire insurance subjects before 112,000 laymen. The two WUA films were shown 259 times before 17,500 people. The new National Board films "Disaster File—Hurricane Audrey," and "Above and Beyond" were supplied to each field association.

The report mentioned the work the

association is doing with colleges and described field trips made to Chicago by insurance students from Butler, Illinois Wesleyan and University of Illinois.

Hits Billing Practices

The report of the committee on losses was given by Earl R. Sanborn, Great American. This report also condemned the practice of agents and some adjusters telling insured to "Fix it up and send in the bill." He added that carpenters, contractors, repair-

men and appliance service organizations have accepted this situation gleefully.

A substantial portion of the underwriting losses could be curtailed if companies tightened their loss adjustment methods, Mr. Sanborn said. A friend recently told him, "I have never understood why this business has historically had six men watching the funnel at the intake, but only had one watching the spigot."

Earl S. Whitcombe, Hartford Fire, who succeeded Charles W. Ohlsen,

retired western manager of Sun, as chairman of the forms committee, read that report.

The principal revisions in the various forms were reviewed and the intention of filing assumption endorsements to protect against radioactive contamination was discussed.

The report paid tribute to Mr. Ohlsen, who has served as chairman of the committee for 15 years.

Honorary membership was conferred on Mr. Ohlsen and three other WUA stalwarts, E. A. Henne, retired vice-president of America Fore; Olaf Nordeng, retired vice-president of Aetna Casualty; and Leonard Peterson, retired vice-president of Home. Messrs. Henne and Peterson were present.

M. Brandon, vice-president of Underwriters Laboratories, reported for that body. He emphasized the relationship between underwriting and the services of the laboratories.

Demonstrates Human Engineering

An added attraction was a presentation by Victor L. Short of Chicago who gave a visual demonstration of human engineering and its application to the field of selling.

Western Actuarial Bureau also held its annual meeting following the Tuesday WUA sessions. Rush Carter gave the report of the executive committee and Manager Kent H. Parker displayed graphically the current status of fire insurance rates in the midwest.

New members elected to the WAB executive committee include T. B. Kelley, Commercial Union; E. H. O'Beirne Jr., Aetna Casualty; E. R. Sanborn, Great American; and F. W. Spalding Jr., Springfield F.&M. F. L. Ludington, Atlas, was chosen to fill the unexpired term of C. W. Ohlsen.

Tuesday evening, Uniform Printing & Supply held its usual reception at the Golf and Tennis Club.

Hillenbrand In Mich. Field

Royal-Globe has appointed John B. Hillenbrand state agent at Grand Rapids. He joined the company in 1955 and has served as special agent in Kansas City and Wichita.

Chicago Dinner Dance Dec. 6

The dinner dance of Cook County Fire Underwriters Assn. and the Cook County puddle of Illinois Blue Goose has been set for Dec. 6. The affair will be conducted at the Caldwell American Legion Post at Cicero and Peterson avenues, and will mark a resumption of these dances which were so successful in the past. Edward Pini of America Fore Loyalty group is chairman of the entertainment committee.

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N. Y. Law Change Proposals Run Gamut

(CONTINUED FROM PAGE 5)

ical insurance plans would be empowered to underwrite a combined contract for supplemental benefits jointly. This amendment would preserve the present prohibition against such a plan writing coverage individually which it is not authorized to transact. A second proposal along this line would specifically authorize a hospital service corporation to reimburse insured for nursing service, necessary appliances, drugs, medicines and supplies which are not provided through a hospital, whether the items are provided in or outside a hospital. The hospital service also could furnish ambulance service.

One proposal would reduce the rate of accumulation of the special contingent surplus fund of Blue Cross and Blue Shield facilities from 4% to 2% and reduce the present maximum ceiling on this fund, which is 25% of net premium income, to 15%.

Make Two Security Funds

Another proposal would separate the motor vehicle liability security fund, which takes care of claims in case an insurer goes broke, into two separate funds, one for stock insurers and one for mutuals. Another proposal would merge the fund with the present public motor vehicle liability security fund, which operates in the same way in the commercial vehicle field.

One proposal would insert into the law a declaration of legislative intent urging insurers and employers to continue hospital, surgical and medical insurance for retired employees, through the provision of proper reserves so that paid up insurance of these kinds could be provided. Another proposal would give the employee the right of conversion on termination of employment without furnishing evidence of insurability, and in a guaranteed renewable for life policy, containing substantially the same benefits as provided in the group policy, including coverage of dependents. The premium of the converted policy would not be more than the average group premium rate, per individual, with perhaps, a nominal charge for any extra expense. Each individual would be notified within 31 days of termination of group coverage that he has the right to convert. If the insurer fails to give such notice, the conversion right would be extended for one year from the date of the termination of his group coverage.

More A&S Proposals

Other proposals would prohibit age limits for A&S coverage or the addition of other restrictions. The insurer would be prohibited from requiring a group insured to produce evidence of insurability, establishing eligibility for insurance, or denying claims on grounds of pre-existing conditions.

Another bill would authorize issuance of group hospitalization, surgical and medical expense policies to associations of persons with a common interest or calling who constitute a homogeneous group of not less than 50. All rate and commission schedules would have to be filed 30 days before their effective date, under another proposal. Individual hospital, surgical, and medical expense policies would, under another proposal, provide that after the policy has been in force a year it becomes incontestable as to statements in the application and

would become guaranteed renewable for life.

Brokers are proposing legislation to provide higher than 10/20 statutory limits in the assigned risk plan—perhaps 25/50. Brokers also want the solicitation activities of the State Fund curbed.

Several proposals have been made for bringing unauthorized insurers under more regulation. One suggestion is to give the superintendent power of service of process as a violator of any provision of the insurance law, including unfair trade practices. Presently such service may only be effected by or for insured or beneficiaries.

Another suggestion is to require domestic insurers to obtain a license in any state in which they do an insurance business. Still another would impose a \$10,000 penalty on an unauthorized insurer. Also, doing an insurance business would be broadly defined to include soliciting, negotiating and delivering, in addition to the making of an insurance or guaranty contract. Unfair and deceptive practices would be prohibited not only within New York state, but elsewhere, by persons domiciled in or residents of New York.

San Diego Pond Resumes Meetings; Elects Officers

San Diego pond of Blue Goose will resume monthly luncheon meetings this month at the University Club. Membership of the pond is now nearly 70.

New officers elected in spring are Roland C. Wright, General Adjustment, MLG; James L. Lewer, Aetna Fire, supervisor; L. S. Anderson, General Adjustment, custodian; Geoffrey A. Blackman, North British, guardian; Craig Hubble, North British, keeper; and R. J. Patterson, welder.

Wichita Agents Elect

Wichita Assn. of Insurance Agents has elected John E. Pecht, president; Kenneth Kimmel, vice-president; and Henry V. Schott, reelected secretary for the 20th year.

Farmers Group Marks 30th Jubilee

Top agents and officials of Farmers Insurance group gathered in Los Angeles for the company's 30th jubilee, the first national convention in five years. A tour of the home office for delegates was highlighted by inspection of a new IBM 705 computer.

Insurance Women of Wichita have elected Nadine Hindman, president; Dorothy Barkley, 1st vice-president; Jackie Milham, 2nd vice-president; Barbara Beckel, secretary; and Muriel Reid, treasurer.



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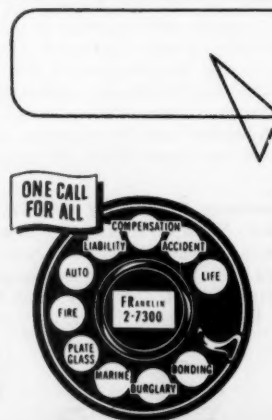
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Illinois Agents Elect Frank Miley

Double Breakfasts And Special Sessions Spark Agents' Final Big Day At Chicago

Farm Agents

Stunned perhaps by a repast which featured not two but three sausages, those attending the Tuesday morning farm agents' breakfast seemed quieter than is usual at these functions. Nevertheless, with Benjamin A. Jones, chairman farm insurance committee, Decatur, presiding, enthusiasm was soon plainly evident.

Mr. Jones noted that the entire session was planned on the basis of questionnaires the agents had returned. These indicated that the primary interest of the agents today is crop-hail insurance. Accordingly, the first speaker, Lloyd E. Morgan, manager hail department of Corroon & Reynolds at Topeka, had as his subject, "The Future of Crop-Hail Insurance."

After a brief history of this line in Illinois, Mr. Morgan warned those present that no rate formula could possibly be perfect when the elements had to be dealt with. However, he stated, an improved rate structure is always being sought. Agents can be assured that an over-all survey is always made before any new rates are promulgated, he said, noting that any endorsements which could conceivably be of value would certainly be considered.

Farm business is not to be abandoned to the mutuals, Mr. Morgan declared. But the agent cannot sit in his office and expect farmers to flock in for coverage; only by a country-wide canvas, a farm to farm operation, can the agents expect to emerge victorious.

Rates are not too high at present, Mr. Morgan stated, but he warned that they would no doubt be raised unless the agents and companies cooperated in a more thorough fashion than is now in evidence.

As a graphic illustration of how

(CONTINUED ON PAGE 32)

Large Lines

At the large lines agents' breakfast and special session there was a panel discussion on "Problems Ahead for Large Lines Agents." Moderator was Philip L. Cochran of Chicago. Donald W. Perin, Chicago, chairman of the large lines program committee, presided.

Panelists were Frank H. Hawk of Peoria, a former president of the association; Alvin S. Keys, Springfield; Emil L. Lederer of Chicago, chairman of the conference committee, and Walter M. Sheldon, executive vice-president W. A. Alexander & Co., Chicago. The panel discussed the answers to a 17-point questionnaire which was submitted anonymously by survey participants. This questionnaire was much the same as the one the large lines agents discussed at Chicago I-Day last April.

The first three questions were

(TURN TO PAGE 12)

Ill. Slate Of Officers Elected Unanimously

Illinois Assn. of Insurance Agents at the annual meeting in Chicago named Frank R. Miley of that city as president to succeed Charles A. Bryant of Peoria, who became chairman. The slate was accepted unanimously as read by John Naghten of Chicago, chairman of the nominating committee.

The list of the officer candidates retained its reputation from years previous as to quality of candidates as well as sheer quantity of numbers. Other officers named were: Fred O. Waller, Galva, executive vice-president; H. W. Mullins, Rockford, state national director; J. Oliver Orr, Springfield, treasurer; George J. Nicoud, Springfield, secretary.

Regional V-Ps Named

Also, Lawrence R. Fisher, Chicago, region 1 vice-president; Robert W. Sundlof, Aurora, region 2 vice-president; Robert W. Flock, Sterling, region 3 vice-president; Robert Shade, Decatur, region 4 vice-president; Jack Gift, Peoria, region 5 vice-president; Her-

(CONTINUED ON PAGE 32)

Fred O. Waller Goes Into Line At Chicago Rally

600 Register For A Full 2½ Days Of Talks; Redeker Wins Merit Trophy

By JOHN BURRIDGE
R. R. CUSCADEN
RICHARD G. EBEL and
WILLIAM H. FALTYSEK,
with picture captions
By ROBERT J. WIEGHAUS

Illinois Assn. of Insurance Agents, which holds its annual convention in Chicago every third year, returned to the big city for the 1958 meeting and drew more than 600 registrants to a program packed with talented and interesting speakers. This was the debut of George J. Nicoud as executive manager succeeding Edward Dirksen and it was a highly successful one. From the firing of the opening gun Sunday afternoon until the end of the banquet Tuesday night, the agents had a full schedule of events, so full in fact that there was enough in all for two conventions.

Miley Succeeds Bryant

Frank R. Miley of the W. A. Alexander & Co. agency of Chicago was elevated to the presidency at the first business session. He is the second Alexander & Co. man within a week to take on important responsibilities, Walter M. Sheldon having a few days ago been elected vice-president of National Assn. of Casualty & Surety Agents. Mr. Miley succeeds Charles A. Bryant of Peoria whose administration was notable for keeping the association in step and moving forward while the headquarters staff underwent a change of leaders.

W. H. Redeker of Centralia, a past president during whose administration E. J. Dirksen was employed as executive manager, was presented at the concluding banquet with the C. M. Cartwright merit award. Mr. Redeker has held most of the official posts in the Illinois association and is still one of the stalwarts. The presentation was by Levering Cartwright of Cartwright, Valleau & Co., who said Mr. Redeker joins a group making up the history and backbone of the Illinois association.

Gerber Installs Officers

The other feature of the banquet was installation of the new officers by Director Gerber. The convention ended with the presentation by John Naghten of Chicago, outgoing chairman, of an illuminated globe to Mr. and Mrs. Bryant.

The two significant resolutions adopted called for the president to appoint from time to time a special committee on rates and rating matters to be composed of the chief officers and four other members to confer with company and bureau representatives and the director on matters pertaining to rate filings including discussion of expense allowances and commissions in so far as they pertain to such filings, and for the agents to support and

(CONTINUED ON PAGE 41)

Cut Prices Or Mutuals Will Dominate By 1962: Gallagher

Unless capital stock insurance companies reduce their prices, they will

find themselves the new minority group of the fire business by 1962 with mutuals and direct writers dominating. This was pointed out in remarks made by Eugene F. Gallagher, fire and marine manager of Standard Accident, in a panel discussion which was one of the features of the Monday



E. F. Gallagher

afternoon meeting for the Illinois agents.

Stock insurers may think they've shown progress because their over-all premium has increased 215% in the past 10 years, but they would do well to note the red-hot 900% increase the mutuals and direct writers have shown during the same period, he declared.

"One question of primary importance to all of us is relative to whether our stock-agency plan of insurance is making progress," Mr. Gallagher said. Citing some light statistics, he pointed out that in 1944 stock companies were writing 87% of all insurance available to fire insurance companies, in 1954 they had a little less than 70% and by projecting the trend to 1962, these same insurers would find themselves with less than 50%. This type of progress, Mr. Gallagher said, seemed nearer to retrogression.

"The reason we are losing ground is just plain price," he declared. "If price were not important, why were almost 50% of all sales of major appliances in the Greater Chicago area made through discount houses?" he asked.

Price in the insurance business consists of pure loss plus expenses, and pure loss is not subject to any rigid control. Therefore, to make any progress it is necessary to check expenses, Mr. Gallagher explained. "With the exception of taxes and fees, all our expenses can be modified," he said.

Mr. Gallagher said that one of the most foolish extravagances that add to price results from flat cancellations. He said that a study in the midwest revealed that 20% of all fire policies written are cancelled prior to expiration and the result was that about 1 million policies were written for nothing in the midwest. "If we had not permitted flat cancellation and had controlled the use of free binders,

(TURN TO PAGE 16)



Mrs. George Nicoud and her husband, the new secretary of Illinois Assn. of Insurance Agents. In the center is Alvin Keys of Springfield, who for many years has been chairman of the legislative committee and who announced his retirement at this meeting. At the right are Mr. and Mrs. E. J. Dirksen. Mr. Dirksen is now with Prudential but for several years was the sparkplug of the Illinois association as its secretary-manager.

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Wide Variety Of Ideas For Local Boards Offered At Workshop Session Of Ill. Agents

The local board workshop session which is conducted Sunday afternoon before the convention of Illinois Assn. of Insurance Agents begins its general meeting was run off this year with the success this early part of the program has enjoyed ever since it was originated at the last meeting in Chicago in 1955. Despite the fact that the members have to give up their Sunday afternoons and miss the broadcast of the professional football games, the turn-out for the workshops has been gratifying every year.

By the time this year's session wound up after three hours of discussion, the members had been rewarded with a fine visual demonstration of fire hazards, a resume of some pertinent local board activities and a stimulating discussion of city business and the problems it produces for local associations, including those of federal tax.

Frank R. Miley, Chicago, executive vice-president of the Illinois association and chairman of the local board committee, presided over the meeting in Chicago, remarking at the opening that the workshop sessions have proved to be vital to the parent association as a means of offering grass root interchange of ideas and opinions.

The lead-off speaker was Jerome Mayer of St. Paul, who has developed a series of demonstrations of hazards arising from volatile fluids and from fire and electricity.

Lists Three Protection Essentials

Everyone has heard of the fire triangle, Mr. Mayer said, but he has worked out a fire protection triangle consisting of fire prevention, fire control and fire insurance. Without all these three essentials, he declared, a fire insurance risk cannot achieve fire protection.

Donald W. Perin, Chicago, head of the automobile committee, explained the "shock" pictures of automobile accidents that have been used by one or two of the local boards in an effort to promote traffic safety. In Springfield, Mr. Perin said, the board had a set of accident pictures in gory de-

tail in one of the downtown hotel windows, putting the emphasis on the awful potential of careless driving while getting in a small plug for the agents' association.

This method of driving home the need for auto safety seems to be effective, he declared.

Reviews of local board activities were offered by leaders from Joliet, Centralia and Galesburg, with most of the discussions centering around handling public business.

Tells Commission Split

Arthur Smith of Joliet said his association has written the city business for 15 years. The commissions are put in a fund out of which 40% is given to non-affiliated agents at the request of the school board and from which \$800 goes to the high school and junior college for scholarship purposes and \$800 goes to the grade school to assist needy children.

Some of the remaining money is put into board advertising, and to pay expenses of an annual banquet to which the legislators and their wives, and the newspaper and radio leaders are invited.

Andrew Horn of Galesburg said one of the most successful meetings his organization had, featured Director Joseph Gerber as a speaker. The association this year tried having an exhibit at the Knox County Fair and at a cost of \$100 set up a tent to compete with the farm bureau and State Farm Mutual. It was a reasonably successful venture, Mr. Horn said, and the lessons learned this year should enable the association to stage a successful exhibit in the future.

Herbert A. Stifel of Centralia indicated that public business has been one of the backbones of his association.

During the question period, the local board representatives were asked what percent of public business commissions are spent on association projects, and the answers were varied. In Joliet, Mr. Smith said, last year's money was partly used to produce a 100% response from the members to-

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On hand from Illinois R. B. Jones at the Chicago I.A.I.A. meeting: From the left, Jay W. Gleason, Delano J. Lawson, C. Reid Cloon, the president and Edward Dralle.

ward the national advertising program. In Galesburg, where the public business was secured for the first time in 1958, all but 5% of the commissions were returned to the members. This is not the plan for the future, however, Mr. Horn explained. About half of the money goes to the agents in Centralia, Mr. Stifel said.

Robert W. Flock of Sterling described briefly some of the educational activities of the Sterling-Rock Falls Assn. For a number of years the insurance women's association has been conducting schools from 7 to 9 a.m. Fridays. A 13-week course for agents and their personnel has been highly successful. The ladies have set up the schedule, arranged for the subjects and obtained the cooperation of the field men as instructors.

Dudley Giberson of Alton introduced Robert Ryan, an attorney from his city who this year set up the incorporation of the Alton association. Mr. Ryan went into some of the problems involved in incorporating, mentioning that the decision has to be made whether to incorporate as a regular stock organization or as a non-profit corporation, whether to incorporate in Illinois or Delaware, and the matter of keeping an eye on local taxes and whether the association can continue all of its advertising and other activities after incorporating and still be exempt from federal income tax.

Alton incorporated as a non-profit association. The agents handle the city business, and Mr. Ryan went into some of the problems still unsolved as to the tax angles on this.

Salesman?



AND WELCOME VISITOR. The loss prevention engineer is often the only company man your insured ever sees. Safety is his business, and his frequent inspections make each risk a better place to live and work. He is a welcome visitor to insureds with compensation, liability, inland marine, ocean marine and aviation policies.

A real work-horse on your local Royal-Globe mobile production team, the loss prevention engineer is one of many specialists that make Royal-Globe

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as expressed
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Single Action
Army Revolver

COLT Fire Arms are legendary as the supreme expression of the gunsmith's art . . . handsome and precision-crafted for dependable accuracy. "Dependability" is a quality of great value in our industry, too. It has gained for us a reputation that is perhaps best expressed by the enduring relationship between the Company and several generations of Agents, many from the same families. For over 120 years we have been meeting the needs of the public through local, independent Agents.

Berkshire
MUTUAL FIRE INSURANCE CO.
Pittsfield, Massachusetts

SERVING THROUGH LOCAL AGENTS SINCE 1835

Ill. Agents Elect Miley President

(CONTINUED FROM PAGE 29)

bert F. Siegert, Pana, region 6 vice-president; Leland R. Crank, East St. Louis, region 7 vice-president.

Also, E. M. Rolwing, Cairo, region 8 vice-president; J. S. Woodworth Jr., Robinson, region 9 vice-president; Dee L. Rodd, Marion, region 10 vice-president; Harry C. Parrish, Paris, region 11 vice-president; Robert L. Newell, Ashland, region 12 vice-presi-

dent; William R. Lyon, Moline, region 13 vice-president, and Thomas K. Sprague Jr., Joliet, region 14 vice-president.

And Robert L. Stafford, Mendota, accident and fire prevention chairman; Donald W. Perin, Chicago, automobile chairman; J. Oliver Orr, Springfield, budget and finance chairman; James H. Hawk, Peoria, casualty, surety and fidelity chairman; Emil L. Lederer, Chicago, conference committee chairman.

Also, Wendell G. Cleaver, Peoria, education and agency management

chairman; Benjamin A. Jones, Decatur, farm insurance chairman and vice-president farm affairs; Alvin S. Keys, Springfield, grievance committee chairman; Joseph F. Prola, Springfield, legislative chairman; Fred O. Waller, Galva, local boards and membership chairman; William T. McElveen, Chicago, property insurance chairman, and Dudley F. Giberson, Alton, public relations chairman.

President Bryant in his report mentioned that the executive committee corresponded with and interviewed no less than 12 men interested in

following in the footsteps of Edward J. Dirksen, former secretary of the association, before it was decided to "let George do it" and George J. Nicoud was named secretary of the association—and was termed by Mr. Bryant as "second to none."

Mr. Bryant enumerated a number of meetings he attended as president, including the national convention in New Orleans and gave some of the highlights of each. He urged the help of all members either acting as a board or individually to continue the good work on the NAIA advertising program. He also mentioned that Kelly Graham, field secretary of the association, was leaving the Illinois group to move to Indiana and join that association and wished him all the best of the Illinois association.

Ill. Farm Agents Meet At Breakfast

(CONTINUED FROM PAGE 29)

agents both help and hinder their companies, Mr. Morgan read a series of letters. In some, it was astounding how little grasp the agents really had of the many problems involved in properly handling claims.

Mr. Jones then moderated a panel consisting of Harlan W. Wyant, assistant secretary and farm and hail manager of Great American; Loren G. VanZile, manager farm and hail division Fireman's Fund; Martin E. Aegerter, manager crop-hail department Home, and Mr. Morgan.

Five Seasons Policy Discussed

The much-discussed "five seasons" crop-hail policy was the first order of business, and Mr. Jones said that it could be a valuable competitive tool, even if it must be modified somewhat. Asking for a show of hands on the desirability of this policy, Mr. Jones found that the reception was inconclusive, and even cool. As one agent remarked, it was difficult to become excited over a new policy when the commission structure was incomplete. In reply to a question, Mr. Wyant suggested that perhaps a three-year policy might be more workable.

The bushel policy was also the subject of some discussion. As to whether it might eventually be written for longer than one year, Mr. VanZile said that it isn't practical at present.

"Obsolescence—A Real Farm Problem," was discussed by Robert Rowe, manager structures and engineering division of Doane Agricultural Service of St. Louis, who spoke at some length regarding decaying or otherwise unsuitable farm buildings, and asked the agents if this weren't a more serious problem than is generally realized. He said that a completely new criterion was necessary for evaluating farm buildings. A film was shown which illustrated how modern structures could transform a run-down farm to a highly competitive, economy-based unit.

William G. Traver, assistant vice-president of Wolverine concluded the session with "Casualty Exposures of the Modern Farmer." He demonstrated that there is a fertile field of undeveloped coverages waiting for the farm agent who is willing and capable of looking for them.

New York Mariner's Club opened its 1958-59 monthly meeting series with an address by Baxter Gentry, vice-president of Johnson & Higgins, on the theory and principles of multiple line insurance.

"For Windshield Worries"

AUTHORIZED Shat-R-Proof DEALER

Rx Shat-R-Proof NATIONWIDE SERVICE GUARANTEE

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cuts unnecessary replacements
cuts windshield leakage claims
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On hand at the Illinois meeting—Mr. and Mrs. Hal Beebe of Aurora, Mr. and Mrs. Herman Kohl of Gilman, and Mr. and Mrs. Walter C. Deuschle of Kankakee.

James J. Beattie of Rockford, a past president of the Illinois Assn. of Insurance Agents, with Mrs. Metzner and C. H. Metzner, assistant manager of Western Underwriters Assn.



Mrs. L. C. Thoelecke and her husband, president of Great Lakes agency of Chicago, at the Illinois agents' meeting.



Two of the hosts at the Continental-National cocktail party Sunday evening with the president of the Chicago Board—from the left, M. B. Simms of Continental Casualty, L. R. Fisher, president of the Chicago Board, and John Mulligan, assistant manager of National Fire.

Illinois association working contingent from headquarters — Donna Driscoll, Fannie May Aiello and Joann Shay. The girls sewed the independent agents Big I on their blazers for the Chicago meeting.



A contingent from Quincy, Ill., with one of the hosts at the Continental-National party Sunday evening: From the left, James Bunten, Richard Winters, William R. Lyle, and E. E. Humphrey of National Fire.



Frank McCullough of Continental Casualty at the cocktail party sponsored by his companies with Jack Gift of Peoria; D. L. Rodd of Marion; Richard W. Winters of Quincy, and Ellis Clarkson of National Fire.



Chubb & Son contingent at the Illinois meeting: From the left, R. S. Ingalls, Andrew J. Degnan, L. R. Larsen, and Charles Green.



Illinois association leaders and their wives at the Continental-National party, from the left: Joseph F. Prola of Springfield, past president and now chairman of the advisory committee, and Mrs. Prola; W. H. Redeker of Centralia, a past president, and Mrs. Redeker, and H. W. Mullins of Rockford, a past president and for several years the state director, and Mrs. Mullins.

Advises Agent To Quit Coddling Client With Non-Essentials

(CONTINUED FROM PAGE 2)

ucts have deliberately taken the risk of offending or annoying the customer—perhaps even of losing him. For what? For convenience to the maker-distributor, to eliminate some of the handling, to reduce leakage and breakage, to cut transportation costs, to shorten the time it requires to get the product into the customer's hands or

his refrigerator. The result has been to offset some of the rise in costs the business man can't control and in many cases it has meant more profits.

Processing foods by freezing them has cut waste, permitted picking and processing at times convenient to the processor and at less cost. It has simplified storage and shipment. Yet

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So the customer loses a little.

Expense is saved and profits increased.

If all of this sounds like advocacy of cut rate products, it isn't so. I don't believe, as so many appear to do nowadays, that there is some special virtue added to a product because it is lower in price. After all, Better Business Bureau reports show that cut price appeals long have been and continue to be the most fruitful source of complaints they receive—because of the failure to deliver what is advertised or a very poor quality of it.

But it is essential to get your story to the public, to advertise, and to be where it is convenient for customers to buy, and in other ways to merchandise in an aggressive way.

How Combined's Wholesale Group Plan Protects You



Hospital—Medical—Surgical

Provides insurance for you and your family against hospital bills, medical-surgical fees, emergency accident care, polio, and other miscellaneous expenses.

The family plan includes maternity benefit after the policy has been in force 9 or more months. There are no age limitations, no termination age, no waiting periods. Benefits payable in addition to other insurance.



Special Disability Income

Combined's Disability Income Protection has been designed to help pay your everyday living costs when your check stops because of accident or illness.

This flexible plan can cover your individual needs for continued income on or off the job, or both. It is also payable in addition to other insurance. There is no confinement.

A&H coverage that sells and renews!

Looking for a profitable A&H package?

Here's one with unlimited sales possibilities . . . that you can sell in your between-appointment hours . . . coverage so valuable to the insured your renewal commissions are almost automatic!

Combined's Wholesale Group Plan fills two important needs; provides small-business employees with *hospital-medical-surgical* coverage and *disability income* protection. The prospect

can buy both — or either one. Employer contribution is optional.

Practically all small businesses in your community are prospects for this low-cost Plan . . . designed by and backed by Combined — second largest exclusive accident and health company in the world.

If you're a general agent interested in high earnings in the A&H field, find out what Combined's remarkable Wholesale Group Plan can do for you.

COMBINED GROUP OF COMPANIES

W. CLEMENT STONE, PRESIDENT

Combined Insurance Company of America, Chicago
Combined American Insurance Company, Dallas
Hearthstone Insurance Company of Massachusetts, Boston
First National Casualty Company, Wisconsin

Mail
this
Coupon
now!

Combined Insurance Co. of America, Dept. 132
5316 Sheridan Road, Chicago 40, Illinois

Gentlemen: Please tell me how I can qualify to sell Combined's Wholesale Group Plan.

Name _____

Address _____

City _____ State _____

How To Increase Profits

The way to increase profits is (1) to strip the operation to its essentials and (2) to sell more business.

What are the essentials?

Coverage—the right kind in the right amount in a company with a good claim and loss service—and the agent's expert, interested advice when he has a loss or faces a claim.

In between the sale and the loss what service do you give him? Paper work, endorsements, record keeping, and correspondence with the home office? What is any of that worth to him? The only other thing you do is take his money.

Look at it from the buyer's point of view. What does he think he is paying for? What does he want to pay for?

(1) Good coverage (2) at the best price he can get consistent with quality, and (3) expert advice when he has a claim or loss.

What else is there?

Credit?

Is the prompt payer in your agency reimbursing you for the free insurance, flat cancellations and credit losses your agency provides?

Why Give It Away?

Do you provide these things because of the very great demand for them, the hardship of your clients, or a careless collection system?

If insured is hard put for cash, give him a six months policy (you can get that through a National Bureau company, incidentally). Or furnish him with an installment or budget plan. It is simple, through Afco or other plans, to put him on the monthly pay basis. One company has a quarterly payment plan for automobile.

If he likes term savings, sell him three to five years in advance. There are still companies giving 20% off for five years. That has real appeal to the thrifty. Doesn't one of the large price

HOST TO MOST
WHO VISIT
BALTIMORE

LORD BALTIMORE
HOTEL

Since this, Baltimore's largest hotel, is normally favored by most visitors, we suggest that you write or telephone BA263 for reservations.

advertisers consistently talk about saying insured 20%?

The supermarkets, discount houses, and chain stores don't extend credit. Their customers don't ask them for it or expect it. The direct writers don't give credit. They insist that their product is worth money, and the get it. Isn't your product, which you claim is superior, worth the same consideration?

Contract Earns Its Way

Free insurance? Insurance is a time contract. Insured buys it to transfer the risks he runs to the shoulders of someone else. He gets immediate comfort, from the moment of inception. Why give it away?

It grows a trifle tiresome to hear insurance users complain about high rates—and explain their criticism by saying they never had a loss. They are fortunate not to have had a loss. But in the meantime they have had protection, they have received what they paid for and it has been worth every cent they paid for it. If they had a loss or were subject to claim without insurance, wouldn't they be willing to go back and pay twice the rate to get it? Why shouldn't they pay half that to have it?

One way to increase profits is to get rid of the free loaders and flat cancellations. The agency system, of which flat cancellations is exclusively the characteristic, can get rid of their cancellations overnight—the moment you as an agent decide to quit indulging the customer.

The essentials, then—what insured buys—are protection and claim and loss advice.

Proper Cover Important

There is an old fashioned notion held by some agents that the placement of the proper coverage in the proper amount is important to insured. These agents believe they should be more anxious about the matter than insured—because they know more about what can happen to him if he doesn't have coverage and quality coverage.

For example, the agency should have a set of minimum liability limits below which it will not let the client go. Quit coddling the customer. You don't have to sell him—tell him. The minimum for the average individual private passenger car insured should probably be something like 20/40/10, or 30/50/10, since Illinois has a \$30,000 tort death limit. Alaska has a \$50,000 but your insured may not be driving there. Missouri and Kansas have wrongful death ceilings of \$25,000. Virginia also has \$30,000. But note

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For the prudent man with property, limits probably should be higher. There is evidence that property damage limits are not high enough, and that the standard even for private passenger automobiles should be \$10,000 instead of \$5,000. Perhaps for commercial risks this figure should be at least \$100,000, but for commercial and industrial risks the amount should be tailored to the size and operations of insured. One company with a limit of \$1 million had to pay \$35,000 out of its own pocket. If bodily injury tends to be inflated by attorneys and claimants to the limits of the coverage, property damage liability has a measurable dollar standard and can be safely sold in larger amounts.

\$5,000 Hardly Buys Plumbing

Red flag every property coverage of \$5,000 or less on dwellings unless it really is a summer house with outside plumbing, lighted by candles.

Underinsurance is the worst thing that can be held against an agent.

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This is a voluntary association you have with your companies, and they with you. It is, within limits, optional. Nothing proves the inefficiency of such a relation and such a way of doing business more convincingly than underinsurance. There is too much of it. It is the one thing that does nobody any good—except your competitors. It is harmful to insured, insurer and agent.

The first step in putting your business on a professional basis is to get your client's protection up to where it will do what it is designed to do for him—or get him to turn you down in such a way he cannot forget he refused you.

Warning The Insured

Why don't you use a mailing card printed in red with spaces for hand-penned fill-in, as a warning to insured? "The \$3,500 you have on your home does not represent its value. (That could be \$10,500, or \$20,500.) If you have a substantial loss, under your present contract you will pay part of it out of your own pocket. Check this NOW."

Or, "Your liability protection, 5/10/5, is too low for modern times.



**GET ADDED
PREMIUM DOLLARS
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THE
QUICK-AND-EASY
WAY!**

In telling clients they are underinsured (and today, most are just that!), producers can't be vague about the limits that should be carried. A specific figure is better than reams of general facts and figures on underinsurance.

Too time-consuming to get? Not at all!

Simply look at the Sanborn Map and multiply the square foot area by the current local replacement cost for that type of construction. It's — a matter of a few minutes at most. Then phone, write or personally call.

You do both clients and companies a favor by obtaining Insurance-to-Value — and you add materially to your average premium per policy!



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advertisers consistently talk about saying insured 20%?

The supermarkets, discount houses, and chain stores don't extend credit. Their customers don't ask them for it or expect it. The direct writers don't give credit. They insist that their product is worth money, and the get it. Isn't your product, which you claim is superior, worth the same consideration?

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In telling clients they are underinsured (and today, most are just that!), producers can't be vague about the limits that should be carried. A specific figure is better than reams of general facts and figures on underinsurance.

Too time-consuming to get? Not at all!

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If insured has a claim or loss, advise him. That is the time he needs your experienced guidance. It is certainly not sound practice for an agent to participate in a white fraud, to help insured overcome the deductible by inflating the claim. But it is proper, I think, for insured to know how to file a claim promptly and properly. Certainly the agent should follow through to see that insured gets his loss promptly looked after, that he knows what his responsibilities are under the policy when the roof blows off or a wing burns down.

Insured Entitled To Essentials

Insured is entitled to this, and he is entitled to get advice at any time including the middle of the night. After all, you promised him this much when you sold him the policy, either directly or by implication. You owe it to him. It is your local responsibility, your local, immediate availability when he needs it most.

You have two problems in connection with profit. You have to get enough volume for the agency over-all, and you have to get a large enough premium per policy or per account to pay its way, pay you for management, and pay a profit.

You can get agency volume by buying another agency or merging two agencies. Though you don't hear much about it, mergers are going on among agencies just as they are among other businesses.

You can expand by adding a life department and by getting into A&S seriously.

Or, you can develop the agency volume and the per account size by selling.

Subject To Economic Laws

You certainly are subject to the same economic laws that govern insurance companies, chemical manufacturers, and other economic units. If as a business you are not doing twice as much as you did 10 years ago, you haven't kept even with costs and per agency expenses. You haven't kept step with the business as a whole but are one-third behind the pace. This matter of at least keeping up with your competition should be of the utmost concern to you—unless of course you just don't give a damn.

In the past there has been little necessity for the local agent to sell and certainly no great pressure on him to sell hard. His companies, which might be assumed to urge him to sell and provide selling campaigns, flyers, mailers, and programs of sales activity—his companies have done a little of this, but not much, and most of it spasmodically. Almost always the company's efforts to sell have been exerted on only a few lines.

Not Much Selling In Past

To only a limited extent have the companies urged the agent—or helped him—to sell in the sense of building accounts and creating new ones, which is the way the agent thinks of selling—or should. Because of a favorable economy, for 15 years the agent himself has not felt much impelled to sell in this way.

The reasons for this are pretty obvious. Practically always the insurer is underwriting against an unfavorable experience in some line, which is another line next year, and was still a third last year. Today it is practically every line in the book.

You may remember far enough back to recall when some insurers were urging agents to sell automobile. For a long time they have been practically urging them not to. Certainly today they wish they wouldn't. Burglary lines might be pushed, but only in small towns in the middle of a desert state—not in downtown areas, not in new suburban shopping centers, etc. Can you remember when various sales methods were being used by companies and agents to sell the personal property floater? Now it is almost as bad as automobile.

Hard To Be Consistent

How can the multiple line insurer be consistent in the all out, hard sell promotion of all its lines with all of its agents? Can't be. The agent has to do the selling.

The agent has to sell today because there are salesmen for other insurers out selling his clients or the clients he should have if his agency is to continue to grow and prosper. He has for the first time come into a highly competitive era. He is experiencing what the dry goods stores did when the department stores grew up and took their business away from them, and what the department stores today in their turn are experiencing from the discount houses—competition.

Thus in general the local independent insurance agency until quite recent years had escaped the merchandising changes that other retail-

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ers have undergone. But not any more. The department store took the business away from the dry goods store by offering one stop service on most things, the discount house by cutting out services and reducing the price; the chain store by going cash and carry and eliminating clerks and other costs.

Most of these modern methods are available to the local agent—local, one-stop service, price (agency companies are showing a disposition at least to come close to the price advertisers), etc. The agency can aim for volume to reduce the percentage of expense and get a per unit, account increase. He can get together and advertise through the NAIA program, though this is by no means enough. He has local availability.

Why shouldn't the local agent sell? Selling is one way to accomplish all the purposes here and especially the one of increasing profits. But it is also one way to quit coddling the customer and make him pay his way. Beyond that, it is educational to insured. It is the only way you can tell him what it is essential that he know about his risk and the coverages available to transfer it.

Selling Is Telling

What is selling? Telling. Tell insured what is new—if it is good. Tell him how much more he ought to have of the old—if he should. But the selling of personal lines should be brief and pointed—by direct mail probably. It should be continuous and consistent. Make it so that the prospect and client can get the message quickly and easily. He doesn't have time for insurance (or for anything else for that matter except whiskey drinking and other things in which he is more personally interested). Therefore, you must catch his eye and make it easy for him to make the decision to buy.

In auto most selling is being done by law, traffic accidents, newspaper stories of accidents, news of court awards. Here the operation should be stripped to its real essentials and no more. Get good information for underwriting, record keeping and to write the coverage properly—and then tell the customer to shut up.

The contact with client doesn't have to be elaborate. You don't have to deliver renewals. You can make constructive suggestions such as amounts, limits, or new coverage, when you send the renewal, in a personal note.

If you have commercial and industrial insured the same rules apply—on a larger scale. Here again it is coverage, right kind and amount, and loss follow through. There still are plenty of business men going around with \$5,000 of property damage liability. In recent times business firms have reduced inventories but agents haven't reduced fire, EC and U&O coverage.

Because the premium they pay is so much larger than individual per-

sonal premiums commercial risks are assumed to pay their way—but do they? Why not check and see? Why not measure every service in terms of (1) improving the risk as a risk, for his, your and the insurer's benefit, (2) improving the coverage for his sake, and (3) eliminating non-profit, non-premium service wherever possible so he is a better account for your account?

In the end, if you have put into effect enough of the right kind of protection for your client; if you have seen to it that the insurance has been delivered with the same interest in his welfare that you and your company expressed when you took his premiums—you have performed a service of prime quality that is worth the money.

Anything less, and you have cheated him. More than that and you are coddling him. You give him what he doesn't need and doesn't want to have to pay for. For profit's sake, keep it for your own pocket.

Surplus Lines Agency Formed At Los Angeles

Jack V. Watson, head of the Watson Surplus Lines Agency and Alvin L. Reese have formed the Watson-Reese Co., a surplus lines organization at Los Angeles. Mr. Watson has been in the business since 1936 and established his surplus lines agency in 1950. Mr. Reese resigned as assistant manager at Los Angeles of Sayre & Toso in 1936 to join the Watson Agency.

McWilliams Gives Talk

James R. McWilliams, acting manager of the automobile division of National Bureau, discussed automobile liability for the trucking industry at the October luncheon meeting of Automobile Underwriters Assn., of New York City. He emphasized certain aspects of coverage for non-franchised insurers, such as truckers who take a load one way, and try to get a load to take back, and truckers who own equipment but have no permit and who therefore lease it to a permittee.

Texas Insurance Women Elect

Newly elected officers of Federation of Insurance Women of Texas are Mrs. Polly Lewis, Lubbock, president; Jewel Tyndall, Corpus Christi, 1st vice-president; Eleanor Ranck, El Paso, 2nd vice-president; Mrs. Gracefae McNatt, Lubbock, corresponding secretary; Dorothy Smith, Tyler, recording secretary; and Laverne Williams, Abilene, treasurer.

North Carolina Assn. of Insurance Agents will hold its fall series of meetings throughout the state, Oct. 20-30. Officers of the association, representatives of rating organizations and of the insurance department will attend.

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Applaud Jainsen Casualty Research Plan

(CONTINUED FROM PAGE 2)

emanating from both the company and agency sides.

The companies would finance such an organization, Mr. Jainsen said, but it would require the wholehearted support of the agents. It was the observation of Mr. Jainsen that the agents' organizations don't have anyone who on their behalf is able to say anything but "no" to suggestions for

changes. The research organization he is proposing will require a good deal of money, he explained, but out of it should come as an incidental a public relations program.

Among the things such an organization could deal with would be commissions, which Mr. Jainsen said are not being analyzed properly as to the method of payment by territories,

some agents receiving as much as twice the commission for selling the same policy but in a different state. The ideas of producer pensions or deferred compensation, and the whole area of insurance marketing also would be studied.

There is an alarming rate of change in sales away from the agency system, Mr. Jainsen commented, a situation which calls for active statesmanship, study and adaption to the need for change.

It was apparent that Mr. Jainsen feels strongly that some kind of

research organization is necessary. He stated that Hartford Accident manufactures its goods in Hartford but has virtually no contact with its sales force, and he asked "Do you think Allstate does that?"

The life business, he added, has its large and comprehensive research unit—Life Insurance Agency Management Assn. The effectiveness of the life organization or one similar to it in the casualty business depends heavily on the belief in it by those in the business and their willingness to live with the idea. Not all of the research will produce honey coated results for agents or companies, he explained, but if the work is to be objective and beneficial the bad must be uncovered as well. Some of the results that might not be favorable will become public property, and those in the business who want a research organization have to accept in advance the fact that everything produced may not be to their liking.

Financial Aid Possible

Full endorsement of Mr. Jainsen's idea was offered by John C. Weghorn of New York, and by C. W. Olson Jr. of Chicago, the new president of the agent's organization, who remarked that the association ought to be able to deliver assistance in the way of endorsement, support, and perhaps small financial aid as an indication of earnestness.

Lyle McKown asked what the next step would be if there seems to be agreement—would be it a questionnaire to find out more generally the feeling of agents? Mr. Jainsen answered that the insurance business moves with remarkable slowness and a new idea takes a good deal of kettle thumping. It would help to know whether agents would support a research effort.

Soliciting For Views

Mr. McKown suggested that the members of NACSA and NAIA and the surety bond producers be solicited by letter for their views.

C. F. J. Harrington, the executive vice-president of National Assn. of Casualty & Surety Agents, who moderated the session, said Mr. Jainsen's proposal offered the greatest hope for sound and peaceful solution to agent-company problems.

Mr. Jainsen spoke at the final session of the White Sulphur meeting, a session listed on the program as calling for informal discussion on non-controversial pertinent subjects.

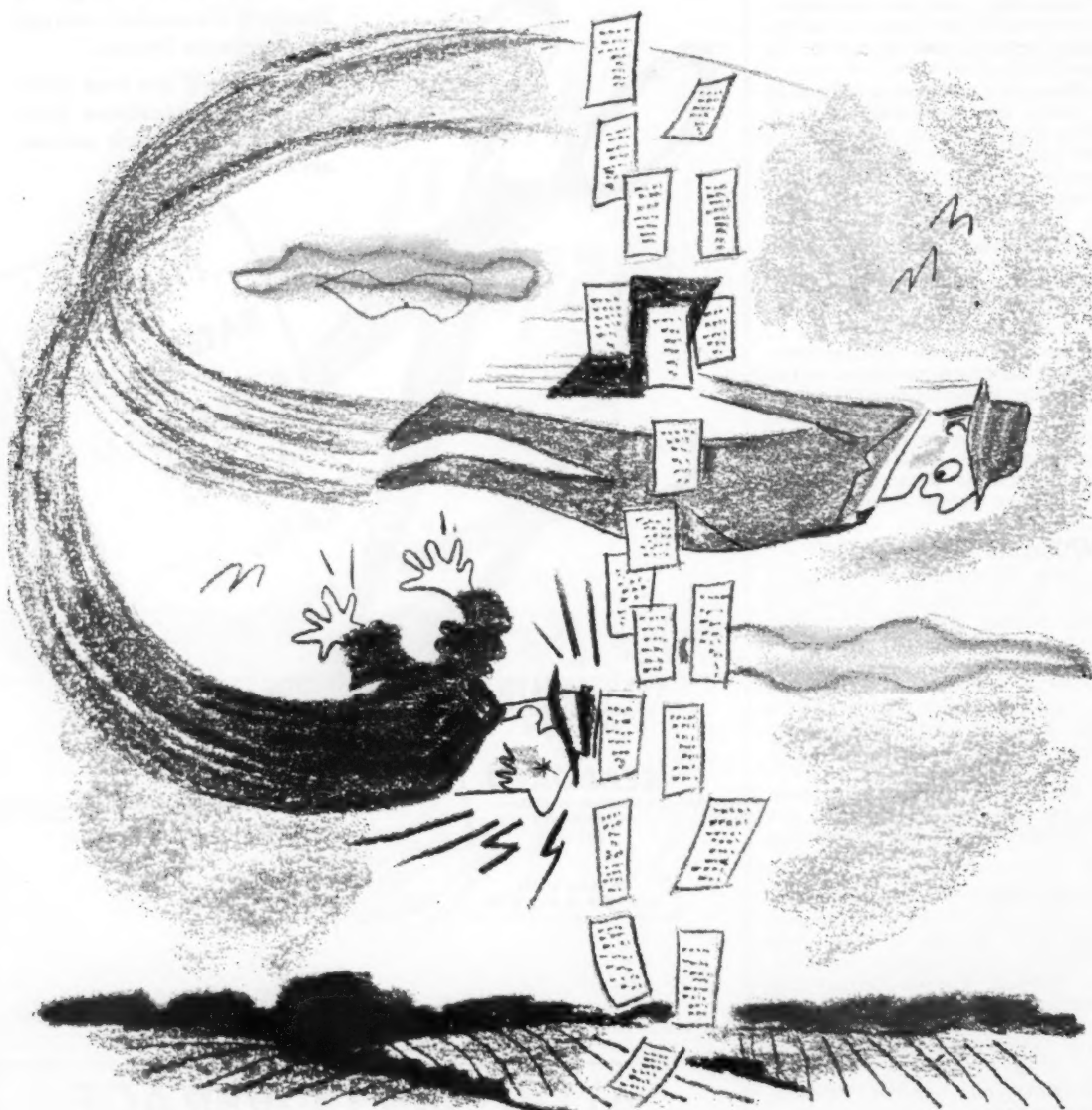
Occidental Of California Offers Group A&S Plan

Occidental of California has introduced four new low-cost medical expense plans for groups of 10 to 50 employees and dependents.

The plans, called Econ-O-Medic, require only room and board, services and surgery as mandatory benefits, but may be expanded to include more benefits through options. Hospital room and board benefits range from \$6 to \$12 per day; hospital services, from \$120 to \$240; and surgical operations, from \$200 to \$250.

Occidental's major medical 10 to 50 plan has also been liberalized through addition of features formerly available only with custom-made plans.

All Lines Adjustment Agency of Baltimore has opened a branch in Frederick, Md., under the management of Howard A. Sullivan.



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State Regulation Called Stability Key

(CONTINUED FROM PAGE 2)

reasons have been advanced for inaction or for only partial recognition of the obvious facts of the situation, he declared. Frustrated by these maneuvers, insurers have resorted to litigation to obtain a measure of relief, since they could not very well advocate increased rates in some jurisdictions while easily accepting failure in others. As a result, the need for price regulation has risen.

Mr. Michelbacher compared price fixing for fire and casualty insurance with the same procedures for commodities generally and noted the fundamental difference in the two problems.

When the price of a commodity is fixed by the seller, the latter knows or can closely approximate the actual cost, he explained. Therefore, even though competitive pressure may be acute, a rock-bottom figure exists that cannot be ignored unless the seller is willing, deliberately, to incur a known loss on the transaction. In any event, he knows exactly or within a small margin of tolerance just where he stands when he names his price.

Confronted By Necessity

On the other hand, in fire and casualty insurance, Mr. Michelbacher said, the seller is confronted with the necessity of naming the price before the actual cost is known or can be ascertained. In fact, the cost may not be determined accurately for years after the inception of coverage. In short, in the individual insurance transaction there is no rock-bottom figure to restrict and limit the price. As a result, unrestrained competition in insurance rates is certain to develop some very unfortunate consequences. It will lead, inevitably, to rate inadequacy and to complete chaos in the transaction of business, and it will adversely affect insurer, producer, insured and governmental supervisory authority. For rate inadequacy, if it persists, will threaten the solvency of marginal insurers and will impair, if it does not destroy, the insurance and service upon which he depends, Mr. Michelbacher declared.

The conclusion must be that some sort of stability of insurance rate is essential.

He then outlined the essential procedures in the present system of rate making and said the business cannot get along without it, for it is decidedly in the public interest.

Insurers cannot expect to exercise the privilege of cooperative price

fixing without subjecting themselves to some sort of supervision and regulation. At present, this is accomplished at the state level, Mr. Michelbacher noted. State laws specify the conditions under which cooperative rating action may be taken and the requirements which must be observed in obtaining approval of rates by state authorities.

Preserving The Competition

Competition is preserved by permitting individual insurers or groups of insurers to establish separate rating organizations or, individually, to deviate from the rates of rating organizations to which they may become subscribers, he explained. Such limited competition should not be too disturbing to the essential requirement of stability, if the recognized criteria of adequacy, reasonableness and non-discrimination are uniformly and rigorously applied to all rates whether they are the product of cooperative action, are independently established, or are obtained by deviation.

Member Companies Receive Health Association Directory

The 1958-59 edition of the directory of Health Insurance Assn. of America has been released and is being distributed to member companies.

The 104-page booklet includes a list of association members, names and affiliations of directors, standing committees and their members, the association constitution and code of ethical standards and other information describing the work and activities of HIAA.

In a letter to the membership announcing publication of the directory, Robert R. Neal, general manager, reported that member companies total 264, an increase of three over last year. Mr. Neal also said that a breakdown of the types of companies in the association showed that 150 are life companies; 85 are multiple line casualty companies; 28 sell A&S policies only and one member is a reciprocal.

Kemper Junior Board Elects Two

Kemper companies junior board has elected O. Frank Browder and Kevin B. O'Brien new members. Mr. Browder, currently underwriter in the compensation department, joined the Kemper companies in 1949. Mr. O'Brien, who went with the group in 1956, is on the public relations staff.

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NATION-WIDE CLAIM SERVICE

Mays, Dillard, Hargrett Named By IRIC

(CONTINUED FROM PAGE 1)

from conferences with rating managers representing the several major fields, are designed to utilize to the fullest the pertinent available fire loss



Felix Hargrett



John H. Dillard

and expense statistics developed by the actuarial bureau of National Board, and to provide a sound reflection of current loss and expense trends, largely by emphasizing the loss and expense experience of the more recent years of the period under review.

This is a procedure that cuts both ways, he noted. For periods when favorable loss and expense experience is current, the method will tend to enhance indicated rate level reduction. The contrary will be true during periods of unfavorable experience.

But the method is felt to be entirely sound, and in the best interest of the public and of the business, he said.

Defer Some Rate Filings

In a number of jurisdictions, efforts to file rate level increases which are indicated are being deferred pending the availability of classified experience figures for 1957, Mr. Beckwith said. The committee is, however, concerned that prompt and adequate rate level adjustment action be taken where it is indicated by application of the revised method. That method, it is believed, will more promptly and adequately reflect the rise or fall of loss and expense ratios.

While the rate level adjustment

committee has been concerned primarily with the fire situation, it recently has sought authority from the executive committee to institute broad and sweeping studies into the extended coverage field, Mr. Beckwith reported. The committee is concerned with the general consistently unfavorable EC experience year after year in many sections of the country. Study by the committee will be required if the EC situation is to be adequately corrected.

One aspect of the EC problem under study for some months is whether an EC contents differential should be recommended for all classes of risks. To determine a proper course the committee has asked that a special informal coding be set up designed to disclose the building and contents EC experience.

Cites EC, Conflagration Problems

Another problem is adequate recognition in any rate level adjustments for fire conflagrations and EC catastrophes, Mr. Beckwith commented. A committee of National Board has this problem under consideration. Another aspect of this program is Inter-Regional's desire to get the term rule revised in order to increase the term multiples. This has been done in 40 states.

Inter-Regional, he said, has an industry committee of casualty, marine and fire representatives, which is conferring with the committee of National Assn. of Insurance Agents on the expensive and wasteful flat cancellation problem.

The deferred premium payment plan developed on the coast and now in effect there and in Virginia is being watched closely. If results are favorable, IRIC will consider a possible recommendation of the plan nationally. The plan would be a substitute for all the other plans currently in effect.

A study has been conducted to develop the actual cost of issuing fire and EC policies and endorsements. The results will soon be available and will be used to back efforts to secure adequate minimum premiums. The study was made by an actuarial-accounting group of IRIC drawn from the ranks of executive committee members.

Developed EC Substitute

IRIC has developed a recommended procedure as a substitute for EC No. 3, which has been in effect in the east, West Virginia and on the Pacific coast. The application of EC No. 3 in these areas has varied and in some cases has been considered unduly liberal. The substitute procedure, entitled "Risks of Superior Construction and Protection," is designed as an addendum to the EC rules for application where No. 3 has been in effect. This is for risks of higher than average caliber that are not eligible for the highly protected risk plan.

Because of a multiplicity of claims for lightning damage to electrical equipment in dwellings, especially in the south and southeast, IRIC has, along with Southeastern Underwriters Assn. proposed that the electrical apparatus clause be revised to exclude loss by lightning and artificially generated electrical currents.

CPCUs Study Effects Of Social, Economic, Government Change

(CONTINUED FROM PAGE 9)

to get loss payments. There are many areas in the business where constructive work can be done, such as, in the day-to-day activity of producers, in advertising, in engineering and loss control, in underwriting itself, in auditing service, and, most obviously, in claim handling.

Mrs. Riggs was not reluctant to charge insurance departments and the courts with their fair share of responsibility toward showing the public the proper perspective of the insurance transaction in economic life. The time is "right" for the insurance industry to explain itself so that the public has an opportunity to appreciate the problems of the insurance function. Frankness about legislation, law enforcement, rating, and allied subjects will inspire greater confidence, it was urged.

Lease Agreement Coverage

Insurance problems created by commonly accepted lease agreements were studied by William R. Kersten and L. Allen Beck, Denver agents, Henry A. Furlong, manager of North America, T. C. Fischer, Colorado Springs agent, and William B. Kelly of Steel City Investment Co., Pueblo.

The panel viewed lease provisions from the position of both the tenant and the landlord in two-party and three-party risks. Depreciation, replacement cost and increased cost of construction insurance were discussed, and suggestions were given on how to avoid pitfalls in leases. A unique feature of the seminar was consideration of boiler and machinery and burglary and robbery coverages as related to lease responsibilities.

Practical aspects of contractual liability were studied in a seminar held by A. Terrence Conlisk and Frank L. Oakes Jr., Toledo agents; Kenneth H. Harger, Bowling Green, O., agent; Kenneth T. Crothers, Maumee, O., agent, and Edward E. Evans, Cleveland agent.

In his paper Mr. Crothers reviewed the perils inherent in contracts requiring assumption of liability by one of the parties. He defined the subject and pointed out the background which has created a number of problems.

Hold Harmless Clause

Mr. Oakes indicated the courses of action one may take after signing a contract containing a hold harmless clause, with particular emphasis on insurance aspects. Underwriting practices and the scope and use of available coverages were analyzed. Mr. Harger's paper evaluated the insurance methods relative to assumption agreements, and, in conclusion, suggested the possibility of still newer methods of alleviating the problem.

A limited seminar (no questions were permitted from the audience) was moderated by Henry K. Duke, consultant of Cumberland, Md., on the desirability and method for applying the principles of logic to prob-

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lems of insurance advertising and selling, in a way which would benefit both the sellers of insurance and its buyers.

Discussants included Dr. Edward C. Bursk of Harvard; Dr. Donald R. Childress, University of Oklahoma; Dr. Harold C. Krogh, University of Kansas; Stephens G. Croom, Mobile agent; Walter B. Mintz, Kearny, N. J., agent; Hugh H. Murray Jr., Raleigh, N. C., agent; Dr. Grant M. Osborn, Arizona State College; and M. H. Blackburn of Aetna Casualty.

Blackburn On Insurance Logic

Working forward from Mr. Duke's 1953 paper before the society's national seminars in Philadelphia (which stated in part: "We must remember that people do not spend good money for insurance out of pure caprice. They have a reason. That reason may have its foundation in emotion, impulse or even a complete misunderstanding of the principle involved, but they do have a reason.") the 1958 New Orleans conference evolved a new concept of insurance logic. This was defined in Mr. Blackburn's paper as follows:

"Motivational logic, applied to insurance advertising and selling, is a logic that exists beyond the demonstrable, everyday, deductive reasoning; a logic that skirts the inductive, professional, reasoning; a logic, indeed, that treats of a force of the highest intensity, of happiness, contentment, equability of the psyche, meaningfulness of life itself—a logic that is experienced only by one individual."

Distributing the product was presented to the meeting by Claude Stanley, broker; Howard L. Martin, Golden Gate College; and James E. Mansfield, all of San Francisco; Frank B. Orr, Oakland agent; Harold C. King, Stockton; and Donald C. Brain, Kansas City agent.

The papers were given against a background of economic and sociological changes of population increase, redistribution of wealth, the quest for security, increased leisure time, government influence, supervision and control of insurance, compulsory insurance and governmental competition, inflation and unionism, and consumer trends and automation.

The chapter presidents' advisory council met to exchange information on chapter activities and operating procedure. Principal speakers were Harvey A. Drinkwine, Inglewood, Cal., agent; Bernard J. Weldon, Wichita agent; Augustus C. Givens, Aetna Casualty, Charlotte, N. C.; Donald M. Wittmeyer, Security-Connecticut; and William E. Booth of Cherokee of Nashville.

Harvard Editor Speaks

Dr. Edward C. Bursk, editor of The Harvard Business Review, addressed the conference on the origin and nature of the social and economic transition. Historically, he noted, the economic pattern during any period is set by the rate of capital investment in the dominant industry of that period. The economic cycle tends to span a term as long as the investment cycle of the trend-making growth industry.

A century ago, Dr. Bursk observed, the most conspicuous growth role was played by the textile industry, which was on a very short lead time. It was a 90-day economy then; only a few months elapsed between the time a Lancashire weaver bought some cotton and then tried to sell his cloth. In the textile era, it was easy enough to determine whether the

over-all trend was up or down; a few months of textile industry investments told the story.

After World War I the automotive cycle set the over-all trend. In the 1920s, a good year for automobiles was a good year for everyone. The dominant growth role of the automobile industry was at least partially explained by the fact that the automotive cycle stretched out over a considerably longer time span than the textile cycle, which had set the economic pace before it—from two to three years for automobiles as contrasted to 90 days for textiles.

Now the trend-making growth industry is electronics-aeronautics with a lead time of around seven years, which is beginning to stretch out to 10 years and beyond. The economy of the next five years has already been shaped by the earlier part of the current electronics-aeronautics long-term cycle—and has about that much longer to run, Dr. Bursk believes.

The major problems to be solved by 1963 are to beat the Soviet in missiles competition and to keep inflation from running wild. In the new age after 1963, and as the outcome of the missiles or death race, the West will be engaging the Soviet in a "living race" to raise the standard of living. The erository effects of inflation will be a continuing problem because of capital investments in mechanization needed to maintain production in line with the increasing population, and, the investments needed to raise the standard of living.

Dr. Bursk foresees a renaissance for small business which has the mechanical flexibility to produce short runs of special-need products as well as the organizational ability to move fast in markets that become increasingly alive, alert and active by their increasing differentiation from the increasingly standardized mass market.

What Management Needs

The management need in small business is not so much for the careful, engineering, super-logical type of decision maker, whose competence is to not make mistakes rather than to take risks—as in larger business where so much is at stake just to maintain the status quo—but for the old-fashioned entrepreneurial souls who are interested in more than keeping their noses clean and their communications open (the two commandments of big business).

Management of business and of government cannot be content with job security, Dr. Bursk declared. Management must engender the qualities things the safe and easy way. How can management accomplish this if security prevails at the lower and middle levels? Here the clue must be a new and more vital concept of professional management; the groundwork has been laid, but so far it is being developed too passively and defensively.

The test of management today is its ability to meet changes, in the opinion of Dr. Robert W. French, director of the Port of New Orleans, who was the principal speaker at the CPCU conferment exercises.

In dealing with changes, Dr. French said, the first task of management is to secure as much useful information as it can about external changes or the changes in the environment of business. American business probably confronts more changes, a greater variety of changes, and more rapid changes today than ever before. Certainly these changes make the task of management no easier and perhaps more difficult.

III. Agents' Chicago Rally Draws 600

CONTINUED FROM PAGE 29)

work for more adequate and competent department personnel and budget as an offset to the threat of federal regulation.

There were only two "general sessions" during the convention, all the numerous other events having titles of their own. At the second of the "general" meetings on Tuesday afternoon the agents were treated to an all star cast of speakers—Paul C. Yankey Jr. of Wichita, state director of the Kansas association; Prof. Curtis M. Elliott of the University of Nebraska, and Director Joseph S. Gerber of Illinois.

Mr. Yankey made a most effective argument for support of the NAIA advertising campaign; Prof. Elliott summarized some significant issues of the day, and Mr. Gerber described a few of the accomplishments of the revitalized Illinois department.

The agency system isn't getting the job done in two key areas, loss ratios and increasing sales in an expanding market, Mr. Yankey asserted. The plain answer is that agents must improve their marketing process. The NAIA advertising program offers an excellent means of doing this, he said, going on to present the program in down to earth terms.

Golden Future For Agents

The agents have a golden future, Prof. Elliott declared, saying the liberalization of contracts and adoption of the package idea are the salvation of the agency system, allowing the agent to survey the risk for coverage as a whole exposure beyond the property lines and into auto and A&S and life. This will help agents combat direct writers, he said.

Prof. Elliott advised agents not to cry over multiplicity of covers. If there is only one policy to sell, it might just as well be sold over the counter in a department store.

Looking to the future, Prof. Elliott predicted auto insurance as it has been known will give way to compulsory, big insurance companies will get bigger and the smaller ones will be bought or will merge, and agents will need more education covering a wider range of subjects.

In dramatic style, Prof. Elliott urged the agents to fight "bitterly" any across the board cut in acquisition costs to 20%. Agents, Prof. Elliott averred, aren't responsible for the situation the companies find themselves in. He asked if the agents should sit aside and let the bureaus and companies stall off the real point at issue—losses.

Director Gerber, who has been in office just over a year and a half, related some of the changes that have taken place during his administration.

The department staff, he said, has been increased by 25, and 15 of the new hands are examiners. The jobs have been reclassified and salaries raised. The department is engaged in research projects as well as routine regulation, the latest being a survey of company admission requirements in all the states.

Mr. Gerber said he is dedicated to achieving passage of the NAIC model credit life and credit A&S bill in Illinois. He is chairman of the NAIC subcommittee on this matter and related that after NAIC agreed on the model bill at its December meeting in New York last year it was put in

several of the legislatures, passing only in Michigan. In one state, he remarked, it was buried so deep the commissioner is still looking for it.

The director urged the agents not to evaluate issues in terms of their personal problems, but in terms of a way of life "that is slipping away." He was referring to the O'Mahoney investigation, a facet of which he had just encountered as a participant in the NAIC talks with the subcommittee in Washington this week concerning the 11-page questionnaire on state activities.

Committee Reports Made

At the Monday morning membership meeting, various committee reports were read.

Donald W. Perin of Chicago, chairman of the automobile insurance committee, said his committee feels that although there has been a lull in activity on the subject of compulsory in Illinois the issue is far from dead. A recrudescence of this subject is anticipated at the next session of the legislature in January. Arrangements are being made to familiarize local boards and individual members with practical arguments against compulsory so they may be presented to the legislature when the time is opportune. He warned his audience not to make an all-out effort to combat compulsory until actually faced with the issue, suggesting that it would be a mistake to fire all the ammunition in advance, but it is very necessary to know the arguments against compulsory auto cover "which admittedly has tremendous public appeal," Mr. Perin said.

As was to be expected, the subject of automobile commission reductions put in its appearance, and Mr. Perin pointed out that this subject has been followed very closely by the auto committee since the first of the companies began to reduce commissions on some classes of automobile insurance in some Illinois territories.

Emil L. Lederer of Chicago, conference committee chairman, discussed a recommendation of the auto committee to the conference committee to meet with Illinois casualty managers to talk over auto rates but pointed out that after considerable discussion it was decided that it would not be particularly advisable to meet with the local casualty managers since rates are decided on a national level.

Alvin F. Keys of Springfield, chairman of the legislative committee since 1930, announced his retirement from that office and praised the association's choice of the new chairman, Joseph F. Prola of Springfield. Mr. Keys pointed out that he based his retirement not on excess of work or dislike of the job, but simply because he thought for the good of the association "new blood" was needed occasionally.

The Maryland Casualty achievement award for local boards was presented by John P. Keevers, resident vice-president, Chicago, to the Jacksonville association, which Mr. Prola accepted because of a delay in the arrival of the Jacksonville members.

The William H. Jennings Jr. membership cup, which goes to the regional vice-president each year producing the greatest membership increase and/or retention, went to last year's winner, Fred O. Waller of Galva. The presentation was made by Mr. Miley.

Many Are Honored At NAIA Convention

(CONTINUED FROM PAGE 4)

Floyd L. Rice of Warren, Pa.; Donald A. Bolton of Jacksonville, Fla.; Kenneth Bair Jr. of Albuquerque; Porter Ellis of Dallas; Paul H. Jones of Tucson; Robert L. Cook, Martins Ferry, O.; Donald H. Denton, Charlotte, N. C.; Wilbur K. Alle, of Birmingham, and James P. Walker of Augusta, Ga.

Charles Rittenberg of New Orleans, convention chairman, handled the in-

troductory chores. Maurice Herndon of the Washington office led the singing and David A. North of New Haven, past president, played the piano, which is his custom. Deputy Dudley Guglielmo represented Commissioner Hayes, who was unable to attend. However, there was quite a delegation of commissioners on hand—Horn of Alabama, Gerber of Illinois, Bennett of Iowa, Sullivan of Kansas, Navarre

of Michigan, Binning of Nebraska, Knowlton of New Hampshire, Northington of Tennessee and Parker of Virginia.

Theodore Hickey, an agent and member of the New Orleans city council, represented the mayor. Assistant Chief O'Brien of the fire department invited agents to view the big parade Monday noon with which the city was going to introduce fire prevention week.

In his administration report, Mr. Woodbury noted a record membership and assigned as reasons the Big I

campaign and the recognition by agents in these trying times of the need of a strong organization.

Mr. Woodbury said this had been a difficult year, plagued with questions of commission cuts, ownership of expirations, and reductions in acquisition cost factors. Companies have been undergoing underwriting losses and reduced investment income. It is also a hard time for them. He said he was sure they have the welfare of agents at heart and that many things they are having to do are distasteful to them.

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But, he said, the agent who gives his companies a good book of business is going to come out all right. He cited the grocery-chain store economic allegory and said that now that the agents have had their warning he believes they will be able to meet the problems ahead.

These days when relations with the general public are so important to agents as well as companies, it was heartening to review the activities of many of the state associations over the country aimed at improving the public's understanding of the agency system, Allen H. Chatterton of Pawtucket, R. I., chairman of the Bowen public relations award committee, stated in his report. The entries of the state associations which the committee judged in this year's contest were uniformly fine in appearance, but more particularly in content. They indicated a high level of accomplishment in the field of public relations.

Three Honorable Mentions

The judges were unanimous in their selection of the Florida association as the winner in this year's contest. However, several other associations perform outstandingly well in this area and the committee accorded honorable mention to the New Jersey, Hawaii, and Nebraska associations. New Jersey was noteworthy for its excellent statewide, coordinated publicity program and its safe driving citation award program. The Hawaii board had an extensive fire safety and accident prevention program coupled with an advertising program that served as public information bureau. Nebraska has published two insurance guides and has prepared a statewide traffic safety poll which will be taken among members of the public.

Among the activities of the Florida association the past year were a series of insurance guides, including one for school boards, one for municipalities, and one for county commissioners. Additional guides are being prepared.

Other Fla. Assn. Activities

The Florida group also worked closely with the governor in securing a four-point safety program and assisted in setting up a citizen's safety advisory committee for the state. The association has been active with speakers bureau and has provided driver training certificates for the schools in the state. It also has conducted such safety activities as a teenage driver rodeo, and a teenage highway safety poster contest, promoted the month of April as child safety month, and cooperated in the Boy Scout good turn project.

Serving with Mr. Chatterton on the committee were Frank Ennis, vice president of America Fore, and Kenneth O. Force, executive editor of The NATIONAL UNDERWRITER.

Okla. Board Rejects Auto Rate Proposals; Commissions Are Factor

Oklahoma's insurance board rejected by a 2-to-1 vote two proposed revisions in automobile rates that would have included a cut in agents' commissions.

In casting the deciding vote against revised schedules, Paul Ballinger of Holdenville contended the board did not have authority to order a reduction

in the business acquisition figure, which includes commissions for agents.

Commissioner Hunt cast his vote against the new filings before the board went into session. Louis V. Woodruff, secretary, voted to approve the filings which had been submitted by National Bureau of Casualty Underwriters and National Automobile Underwriters Assn.

The proposed schedules would have increased private car liability rates by 3.4% and would have lowered and raised other rates, including physical damage. However, the big controversy was over the proposal to lower the acquisition cost figure from 25 to 20%.

A strong campaign against this provision was waged by Oklahoma agents, who contended it would put the state board in the position of interfering with private contracts between agents and their companies.

S. Alexander Bell, Chicago insurance actuary hired by the board to analyze the filings, submitted a report which generally upheld the new schedules. All three members of the board handed down written opinions in the case.

Sees No Premium Income Rise

Mr. Ballinger said that each filing, from a dollar and cents viewpoint, called for practically no change in premium income estimated to be derived from rates now in effect.

Mr. Ballinger declared that reductions in commissions, even well under the proposed 20%, may well be necessary, as well as reductions in other items of the production cost and other expenses and profit items. But he said this ought to be done by private contract.

A written opinion by Mr. Woodruff said the board could not legally consider objections that the filings would force a cut in agents' commissions. He said the statutes specifically prohibit the board from interfering with agents' contracts for commissions. "The facts and statistics presented by the two rating bureaus in regard to physical damage automobile rates and liability rates justify the rates requested," he said.

Oppose Commission Cuts

"The only opposition to this filing has been made by the agents in regard to agents' commissions. Since the statutes specifically prohibit this board from interfering with agents' contracts for commissions, and since this filing does not attempt to set the agents' commissions, the question raised by this opposition cannot legally be considered by this board," Mr. Woodruff continued.

Mr. Ballinger declared it appeared the companies represented by the two rating bureaus need a complete overhauling of their commission arrangements with agents in order to meet competition from other companies. "They're asking us to take the heat on it," he said. "I think they should work this out as a private contract without asking the board to do it."

If companies and agents voluntarily agree on new contracts cutting commissions, Mr. Ballinger said, this would automatically reduce acquisition costs. Any new filings would then be based on experience under this reduction. He said if the board ordered the acquisition cost figure reduced, this would force the commissions to be cut.

In his opinion, Mr. Hunt declared, the filings would tend to "restrain, restrict and abridge the freedom of contract between the insurer and the agent."

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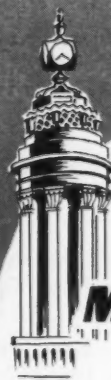
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